



PROSPECTUS

Initial Public Offering
of Ordinary Shares

IPH Limited
(ABN 49 169 015 838)

Joint Lead Managers and Underwriters

BELL POTTER

Morgans IN ALLIANCE WITH CIMB

Important Information

Offer

The Offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares ("Shares") in IPH Limited (ABN 49 169 015 838) ("IPH" or "Company"). This Prospectus is issued by the Company and IPH (SaleCo) Pty Limited (ACN 600 396 825) ("SaleCo").

Lodgement and listing

This Prospectus is dated 9 October 2014 ("Prospectus Date") and a copy was lodged with the Australian Securities and Investments Commission ("ASIC") on that date.

The Company will apply to ASX Limited ("ASX") within seven days after the Prospectus Date for admission of the Company to the official list of ASX and quotation of its Shares on ASX. None of ASIC, ASX or their officers take any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates.

Expiry Date

No Shares will be issued or sold on the basis of this Prospectus after its expiry date, being the date 13 months after the Prospectus Date.

Note to Applicants

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, you should consider the risk factors that could affect the performance of IPH. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in Shares.

Some of the key risk factors that should be considered by prospective investors are set out in section 4. There may be risk factors in addition to these that should be considered in light of your personal circumstances. You should also consider the assumptions underlying the Forecast Financial Information and the risk factors that could affect IPH's business, financial condition and results of operations.

No person named in this Prospectus, nor any other person, guarantees the performance of IPH or the repayment of capital or any return on investment made pursuant to this Prospectus.

No offering where offering would be illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia and New Zealand. The distribution of this Prospectus outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus has been prepared for publication in Australia and New Zealand and may not be released or distributed in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States, or to, or for the account or benefit of a US Person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws.

The Offer is not being extended to any investor outside Australia or New Zealand, other than to Institutional Investors as part of the Institutional Offer. This Prospectus does not constitute an offer or invitation to potential investors to whom it would not be lawful to make such an offer or invitation.

For details of selling restrictions that apply to the Shares in certain jurisdictions outside of Australia and New Zealand, please refer to sections 7.13 and 9.13.

Important notice to New Zealand Investors

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and Corporations Regulations set out how the offer must be made. There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities. Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint. The taxation treatment of Australian securities is not the same as for New Zealand securities. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser. The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars. If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

Important notice to Singapore Investors

This Prospectus has not been registered and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) in accordance with the conditions specified in Section 272B of the Securities and Futures Act Chapter 289 of Singapore (the "SFA"); or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Any resale of the Shares in Singapore must be in accordance with an applicable exemption from the prospectus requirements under Part XIII Division 1 Subdivision 4 of under the SFA.

Financial information presentation

Section 5 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of that information is set out in section 5.2.

All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest \$0.1 million unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

This Prospectus contains forward looking statements which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties. The Forecast Financial Information is an example of forward looking statements.

Any forward looking statements are subject to various risk factors that could cause IPH's actual results to differ materially from the results expressed or anticipated in these statements. Such statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of IPH, the Directors of IPH, SaleCo, the directors of SaleCo and management of IPH. Forward looking statements should therefore be read in conjunction with, and are qualified by reference to, the discussion of the Pro Forma Historical Financial Information and the Forecast Financial Information in section 5, risk factors as set out in section 4, specific assumptions as set out in section 5.9.2, general assumptions as set out in section 5.9.1, the sensitivities as set out in section 5.10 and other information in this Prospectus.

IPH and SaleCo cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in the Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements. IPH has no intention of updating or revising forward looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information, contained in this Prospectus, except where required by law.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company, SaleCo or any other person in connection with the Offer. You should rely only on information in this Prospectus.

As set out in section 7.14, it is expected that the Shares will be quoted on ASX. IPH the Joint Lead Managers and the Share Registry disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

This disclaimer does not purport to disclaim any warranties or liability which cannot be disclaimed by law.

Exposure Period

The Corporations Act prohibits IPH and SaleCo from processing Applications in the seven day period after the date of Prospectus lodgement ("Exposure Period"). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

Obtaining a copy of this Prospectus

A paper copy of the Prospectus is available free of charge to any person in Australia and New Zealand by calling the IPH Offer Information Line on 1300 653 497 (within Australia) or +61 1300 653 497 (outside Australia) from 8.30am until 5.30pm AEDT Monday to Friday during the Offer Period.

This Prospectus is also available to Australian and New Zealand resident investors in electronic form at the Offer website, www.iphltd.com.au. The Offer constituted by this Prospectus in electronic form is available only to Australian or New Zealand residents accessing the website within Australia or New Zealand. It is not available to persons in other jurisdictions (including the United States). Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

Applications for Shares may only be made on the appropriate Application Form attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form which must be downloaded in its entirety from www.iphltd.com.au. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

Photographs and Diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by IPH.

Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Company Website

Any references to documents included on IPH's website at www.iphltd.com.au or the Offer website www.iphltd.com.au are for convenience only, and none of the documents or other information available on IPH's website is incorporated herein by reference.

Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus are explained in Appendix B. Unless otherwise stated or implied, references to times in this Prospectus are to AEDT.

Privacy

By completing an Application Form, you are providing personal information to the Company, SaleCo and the Share Registry, which is contracted by the Company to manage Applications. The Company, SaleCo and the Share Registry on their behalf, collect, hold and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included in IPH's public register. The information must continue to be included in IPH's public register if you cease to be a Shareholder. If you do not provide all the information requested, your Application Form may not be able to be processed. The Company, SaleCo and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- The Share Registry for ongoing administration of the Shareholder register;
- The Joint Lead Managers in order to assess your Application;
- Printers and other companies for the purpose of preparation and distribution of documents and for handling mail;
- Market research companies for the purpose of analysing the Company's shareholder base and for product development and planning; and
- Legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by or on behalf of the Company and SaleCo. You can request access to your personal information or obtain further information about IPH's and SaleCo's privacy practices by contacting the Share Registry or IPH. IPH aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact IPH or the Share Registry if any of the details you have provided change.

In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

Syndicate structure

The Joint Lead Managers to the Offer are Bell Potter Securities Limited and Morgans Corporate Limited.

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This document is important and should be read in its entirety.

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KEY OFFER INFORMATION

Key dates

Prospectus Date	Thursday, 9 October 2014
Expected open of Broker Firm Offer (9.00am)	Monday, 27 October 2014
Expected close of Broker Firm Offer (5.00pm)	Monday, 10 November 2014
Settlement	Wednesday, 12 November 2014
Issue and allotment of Shares	Thursday, 13 November 2014
Expected despatch of holding statements	Friday, 14 November 2014
Shares expected to begin trading	Wednesday, 19 November 2014

Note:

This timetable is indicative only. Unless otherwise indicated, all times are in AEDT. The Company and the Joint Lead Managers reserve the right to vary the dates and times of the Offer, including to close the Offer early or to accept late Applications, either generally or in particular cases without notification. Investors are encouraged to submit their Applications as soon as possible. Broker Firm Applicants will need to consult with their Broker regarding when to settle their Application.

Key Offer statistics

Offer Price per Share	\$2.10 per Share
Total number of Shares available under the Offer ¹	79.1 million
Gross proceeds from the Offer ²	\$165.9 million
Total number of Shares on issue on completion of the Offer ³	157.6 million
Indicative market capitalisation ⁴	\$330.9 million
Pro forma net debt (as at 30 June 2014) ⁵	\$20.0 million
Indicative enterprise value ⁶	\$350.9 million

Investment metrics

Enterprise Value ⁶ /pro forma FY15 forecast EBITDA ⁷	10.6x
Enterprise Value ⁶ /pro forma FY15 forecast EBIT ⁷	11.1x
Offer Price/pro forma consolidated FY15 forecast NPAT per Share ^{7,8}	13.9x
FY15 Dividend per Share ⁷	10.4 cents
FY15 annualised dividend yield ^{7,9}	6.4%

Key financial leverage ratios

Pro forma net debt/pro forma FY15 forecast EBITDA ⁷	0.6x
Pro forma FY15 forecast EBITDA ⁷ /pro forma FY15 interest expense ⁷	88.1x
Pro forma FY15 forecast EBIT ⁷ /pro forma FY15 interest expense ⁷	84.5x

Notes:

The above tables are intended as a summary only. More detailed financial information, including assumptions in respect of the Forecast Financial Information is set out in section 5.

- 1 The total number of Shares to be issued under the Offer includes the Shares to be issued under the Employee Award Offer
- 2 Equal to the sale of 79.0 million Existing Shares by SaleCo multiplied by the Offer Price.
- 3 Includes the number of Shares available under this Offer plus Shares retained by the Existing Owners and Shares issued to Directors and certain key employees
- 4 Equal to the total number of Shares on issue on completion of the Offer multiplied by the Offer Price
- 5 Equal to pro forma current and non-current borrowings less pro forma cash and cash equivalents set out in the pro forma historical consolidated balance sheet set out in section 5.4
- 6 Equal to the indicative market capitalisation plus pro forma consolidated indebtedness (as at 30 June 2014) set out in section 5.11
- 7 The Forecast Financial information is based on assumptions and accounting policies set out in section 5 and is subject to the risks as set out in section 4.
- 8 This ratio is commonly referred to as a price to earnings, or PE, ratio.
- 9 Annualised for the period from 2 October (note this is before allotment date of 13 November 2014) until 30 June 2015.

CHAIRMAN'S LETTER

9 October 2014

Dear Investor,

On behalf of my fellow Directors, it is my pleasure to invite you to become a shareholder of IPH Limited ("IPH").

On Listing, IPH will wholly own Spruson & Ferguson, one of the leading intellectual property ("IP") services firms in the Asia-Pacific region, servicing over 25 countries from offices in Sydney, Singapore, Kuala Lumpur and supported by a representative office in Shanghai. IPH will be the first IP services firm to list on the ASX.

In the knowledge economy, IP is fundamental to the value and operations of many of the world's leading companies and assisting in providing its protection is therefore a critical service. In this regard, Spruson & Ferguson has built a reputation as a leading IP services firm since its establishment in 1887 as an Australian patent and trade marks attorney firm. The Group has assembled a multidisciplinary team of approximately 300 people, including some of the most highly regarded IP professionals in the Asia-Pacific region. This team services a diverse client base of Fortune Global 500 companies and other multinationals, public sector research organisations, foreign associates and local clients. The majority of clients are based in the USA, Europe and Japan. In FY14, Spruson & Ferguson provided services for over 3,000 clients, the largest of which contributed less than 3% of its service charge revenue. The Group has long standing relationships with a range of blue-chip international clients, with the majority of its top 20 clients having histories with Spruson & Ferguson of over 25 years.

Spruson & Ferguson's strategy is to be recognised as a leading global services firm for secondary and emerging IP markets. It currently operates two IP service hubs. The Group's Sydney office offers a wide range of specialist services for the protection, commercialisation, enforcement and management of IP in Australia, New Zealand, Papua New Guinea and the Pacific Islands. The Singapore office was opened in 1997 and acts as a hub for the higher growth Asian markets, providing patent and design filing and prosecution services in 19 countries throughout the region.

Spruson & Ferguson has a long term track record of revenue growth and attractive margins with leading market positions in both Australia and Singapore. The Group operates a business of scale, having over 100,000 active matters as at August 2014 and issuing over 74,000 invoices in FY14. The long IP life cycle means that the Group expects to generate revenue from many of these matters for a number of years into the future.

The Group is conservatively geared and has a range of initiatives to grow its Australian business, continue its strong growth trajectory in Singapore and significantly increase its market share in other Asian countries.

Through this prospectus, IPH and SaleCo are inviting investors to acquire 79.1 million Shares at an Offer Price of \$2.10 per Share from SaleCo for a total Offer size of \$165.9 million. The Listing will provide the Group with additional financial flexibility to pursue growth opportunities and improve access to capital markets, an improved capacity to attract and retain quality staff and the opportunity for the Existing Owners to partially monetise their investment. Following completion of the Offer, the Existing Owners will own approximately 49.8% of IPH. The Existing Owners have entered into escrow arrangements in relation to all of their remaining Shares held at IPO, under which their Shares will be escrowed for up to 2 years from Listing. The current Principals will continue as the Group's key professional executives responsible for assisting the Managing Director in running the business and have entered into executive services agreements with the Group. At the Offer Price, IPH will have a market capitalisation of \$330.9 million on completion of the Offer and is forecasting an annualised dividend yield for FY15 of 6.4%. See section 5 for details. Through this prospectus IPH is also inviting certain Eligible Employees to acquire 476 Shares each for no consideration payable to IPH. Except for this Employee Award Offer, the Offer is fully underwritten by Bell Potter Securities Limited and Morgans Corporate Limited.

Detailed information about the Offer and the financial and operating performance of the Group is set out in this Prospectus. It also includes a description of the key risks associated with an investment in IPH in section 4 such as competition, regulatory risks, foreign exchange, professional liability, people and systems. I encourage you to read it carefully and in its entirety before making your investment decision.

To apply for Shares, you will need to fill out the relevant paper or electronic Application Form attached to this Prospectus. If you have any questions about how to apply for Shares, please call the IPH Offer Information Line on 1300 653 497 (within Australia) or +61 1300 653 497 (outside Australia) from 8.30am until 5.30pm (AEDT) Monday to Friday during the Offer Period. The Offer is expected to close at 5:00pm (AEDT) 10 November 2014.

On behalf of the Board and senior management team, I look forward to welcoming you as a Shareholder.

Yours sincerely,



Richard Grellman AM
Chairman



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INVESTMENT OVERVIEW

1 INVESTMENT OVERVIEW

1.1 Business Overview

Topic	Summary	For more information
What is IPH?	On Listing, IPH will wholly own Spruson & Ferguson, one of the leading intellectual property (“IP”) services firms in the Asia-Pacific region, offering a wide range of services for the protection, commercialisation, enforcement and management of IP. These services are provided across Australia, New Zealand, Papua New Guinea, the Pacific Islands and Asia from offices in Sydney, Singapore, Kuala Lumpur and supported by a representative office in Shanghai. The Group’s history dates back to 1887 when Spruson & Ferguson was established as a patent and trade marks attorney firm. Spruson & Ferguson opened a Singapore office in 1997. The Group believes that this represented the first Australian IP services firm to enter the Asian market.	Section 3.1
What is IP and how is it protected?	Intellectual Property (“IP”) is an output of intellectual creativity that may be reflected in various forms including inventions, trade marks, designs and artistic works. Certain types of IP may be protected with registrable monopoly rights, granted by statute, in relation to use of the IP for a period of time. The most common forms of registrable IP rights are patents, trade marks and designs. The other IP right that can be protected under statutory registration is plant breeder’s rights. Other forms of IP for which there is no statutory registration system includes copyright, circuit layouts, confidential information and business “know how”. IP rights are generally regulated on a country by country basis.	Section 2.1
Why is IP and IP protection important?	IP is often fundamental to the operations and value of many of the world’s leading companies. IP rights provide an incentive to invest in innovation through ensuring that the competitive advantage resulting from this investment is protected. Accordingly, the development of IP is often critical in the growth of companies and broader economies.	Section 2.2

Topic	Summary	For more information
How does the Group generate income?	When acting in matters in respect of its clients' own IP, Spruson & Ferguson provides professional services across all stages of the IP lifecycle, which may involve: • drafting and filing an application with the relevant country's IP office ("filing phase"); • a prosecution phase which leads to granting or registration of the IP right and involves the IP office examining various criteria to ensure IP rights are applicable ("prosecution phase"); and • an ongoing renewal process, involving the payment of fees at defined times over the life of the IP rights ("renewal phase"). In addition, Spruson & Ferguson also provides services to its clients on enforcement of their IP rights and in advising on the IP rights of their competitors. The Group operates across three business areas, with the key services in each area being as follows: Patents and designs (83% of FY14 service charge revenue) • advising on invention patentability and freedom to operate (including patent searches); • drafting patent and design applications across all technologies; • filing and prosecuting patent and design applications locally and internationally; • managing patent and design renewal fee payments; and • providing advisory services. Trade marks, domain and business names (12% of FY14 service charge revenue) • advising on trade mark registrability and freedom to operate (including trade mark searches); • filing and prosecuting trade mark applications locally and internationally; • managing trade mark renewal fee payments; and • providing advisory services. Commercial legal advice and IP litigation (5% of FY14 service charge revenue) • acting in IP related litigation and dispute resolution; and • providing IP related legal and commercial advice.	Section 3.3

1 INVESTMENT OVERVIEW

CONTINUED

Topic	Summary	For more information
Who are the Group's clients?	Spruson & Ferguson has a diverse client base consisting of Fortune Global 500 companies and other multinationals, public sector research organisations, foreign associates and local clients. Geographically, the majority of the Group's clients are located in the USA, Europe and Japan. Clients can be broadly divided into three groups: • international corporates (Fortune Global 500 companies and other foreign multinational corporations); • local clients (Australian and Singapore based corporates, public sector research institutions and individuals); and • foreign associates (foreign IP and general law firms acting for their clients in offshore markets). The majority of service charge revenue is derived from international corporates and foreign associates, accounting for approximately 80% of FY14 service charge revenue.	Section 3.5
Where are the Group's operations?	Spruson & Ferguson has offices in Sydney, Singapore, Kuala Lumpur and a representative office in Shanghai. The Group operates IP hubs from its two major offices: • the Sydney office provides services in Australia, New Zealand, Papua New Guinea and the Pacific Islands; and • the Singapore office operates a "one-stop" service for Asia, providing services in 19 countries throughout the region including Singapore, Malaysia, China, Hong Kong, India, Indonesia, the Philippines, Pakistan, Taiwan, Thailand and Vietnam. Specifically, Spruson & Ferguson provides: • patent and design filing and prosecution services in all the above countries; • trade mark filing and prosecution services in Australia, New Zealand, Papua New Guinea and the Pacific Islands; and • services relating to all other forms of IP and IP related legal services in Australia. From its two major offices, Spruson & Ferguson also provides services for local clients in relation to IP rights throughout the world, including via foreign associates in countries outside of the Asia-Pacific region.	Section 3.4
Who are the Group's competitors?	Across its various markets and business areas, the Group competes against: • other large specialist IP services firms; • small specialist IP services firms; • IP groups within general law firms; and • PCT national phase entry service providers that assist clients entering the national phase of international (PCT) patent applications.	Section 3.6

Topic	Summary	For more information
What is the Group's competitive position?	As measured by number of Australian patent applications filed, Spruson & Ferguson was the leading firm in the Australian market in FY14, accounting for approximately 11% of all applications filed. As measured by number of Singaporean patent applications filed, Spruson & Ferguson was the leading firm in the Singaporean market in CY13, accounting for approximately 24% of all applications filed. As measured by number of Australian trade mark applications filed, Spruson & Ferguson was the second leading firm in the Australian market in FY14. In the other Asian markets in which Spruson & Ferguson competes, it has a much lower market share, which represents a significant growth opportunity.	Section 3.6
What is the Group's strategy?	The Group's objective is to be recognised as a leading global firm for what it considers to be secondary markets for IP services, being those outside the world's core IP markets of the USA, Europe, Japan and South Korea. These include both mature, steady growth markets like Australia and New Zealand and emerging markets like those in Asia. IPH believes that IP protection is becoming increasingly important for multinational companies in these emerging markets as wealth and consumption increases and local manufacturing grows. In particular, the Group aims to continue its strategy of providing a "one stop" service across Asia. It believes that it will continue to have a leading presence in the mature Australian market and sees particular growth opportunities in a number of Asian countries which are growing at a greater rate than the Australian and New Zealand markets and in which the Group has the opportunity to significantly increase its market share.	Section 3.10

1 INVESTMENT OVERVIEW

CONTINUED

1.2 Investment highlights

Topic	Summary	For more information
Strong track record and market leading positions in Australia and Singapore	Spruson & Ferguson is a leading IP services firm in the Asia-Pacific region with a history dating back to 1887 and with over 17 years of experience in Asia. The Group has leading market positions in both Australia and Singapore, filing more Australian and Singaporean patent applications (in FY14 and CY13 respectively) than any other firm. Spruson & Ferguson has established two IP service hubs, one in Sydney and one in Singapore. Its Singapore office acts as an IP service hub for Asia, giving its clients access to the Group's highly qualified and trained patent attorneys to provide a "one-stop" service for patent and design filing and prosecution services in 19 countries throughout the region. IPH believes that the Group has established strong competitive positions in Australia and Asia based on its: • top tier client base with strong relationships developed over many years; • quality and long-standing employee base with highly qualified and trained patent attorneys with recognised university technical qualifications across a range of fields; • industry leading IT systems which provide efficient operations; and • strong reputation and brand which is well known internationally as an IP service provider in the Australian and Asian IP market place.	Section 3
Top tier, diverse client base with long standing relationships	The majority of Spruson & Ferguson's service charge revenue is derived from international corporates and foreign associates acting for international corporates. As at August 2014, Spruson & Ferguson had active matters for over 125 Fortune Global 500 companies, providing services either directly or through foreign associates. Many of Spruson & Ferguson's clients have had long term relationships with the Group. In FY14, 16 of Spruson & Ferguson's top 20 clients had been clients for more than 25 years. The Group also has a highly diverse set of clients across both its Australian and Asian businesses, having provided IP services to over 3,000 clients in FY14. In FY14, no client represented more than 3% of service charge revenue and the top 20 clients represented approximately 22% of total service charge revenue.	Section 3.5
Attractive financial profile	Key financial attributes of the Group include the following: • Consistent revenues and earnings – a track record of revenue and earnings growth over a number of years; – a significant pipeline of pending patent applications awaiting or undergoing examination over the next two to five years; and – a significant database of historic patents and trade marks that require ongoing maintenance and renewal. • Strong margins and cash flow – strong earnings margins due to technology and operating systems which allow a large number of matters to be processed efficiently; – low overheads with a limited number of offices; – low working capital requirements, limited work-in-progress (WIP) and high cashflow conversion; and – low capital expenditure requirements.	Section 5

Topic	Summary	For more information
Experienced Board, management and personnel	The Group has assembled: • a highly experienced Board with a diverse and complementary skill set; • a multidisciplinary team of management and employees with technical expertise which includes some of the most highly regarded IP professionals in the Asia-Pacific region; • an employee base of approximately 300 including: – 45 patent attorneys and 16 solicitors (some of whom have dual qualifications); and – a highly technically qualified team with 24 PhDs; and • a team that includes members that have taken active roles on industry bodies and authored a number of significant industry publications.	Sections 3.7, 3.9, 6.1, 6.2 and 6.3
Attractive dividend yield	The Group is forecasting an FY15 annualised dividend yield of 6.4% at the Offer Price. It is expected that the FY15 dividends will be between 65% and 75% franked. Beyond this, the Board is targeting a payout ratio of between 80% and 90% of NPAT.	Section 5.15
Significant growth opportunities	The Group has a range of specific growth initiatives: • continuing growth in the Asian markets through its IP service hub strategy: – ongoing market share growth in the Singapore market; – increasing market share in other Asian countries; – recommencing its trade marks business in Asia on the expiration of a period of restraint following the buyout of the business partner in Singapore in 2012; and – leveraging its existing client relationships in Australia into Asia and vice versa. • growing market share in New Zealand, particularly given a number of regulatory reforms in that market; • ongoing efficiency gains through continued investment in systems; • potentially increasing the Group's current footprint to expand into other secondary and emerging markets; and • potential acquisitions, particularly in Australia, New Zealand and Singapore, where the markets are considered fragmented, taking advantage of the Group's publicly listed equity following the Offer.	Section 3.10

1 INVESTMENT OVERVIEW

CONTINUED

1.3 Summary of key risks

Topic	Summary	For more information
Competition	The Group operates in competitive markets. If the actions of competitors or potential competitors become more effective, the Group's financial performance or operating margins could be adversely affected or it may be unable to compete successfully. For example, the Group's competitors might adopt more aggressive strategies to capture market share. Such occurrences may negatively affect the Group's future profitability, planned growth and market share. In particular, the number of patent attorneys registered in Australia has increased significantly over the last 15 years, and the number of IP services firms in Australia has also increased as a result. Further increases in the number of patent attorneys registered in Australia, or the number of IP services firms, may represent an adverse change in the competitive landscape for the Group.	Section 4.1.1
Regulatory environment	The Group is subject to significant regulatory and legal oversight. Its business operations could be adversely affected by actions of various governments, both within Australia and internationally. If a patent attorney, trade marks attorney, legal practitioner or other professional employed by the Group commits unsatisfactory professional conduct or professional misconduct, there is the potential for the relevant regulator to take disciplinary action against the individual, certain other patent attorneys, trade marks attorneys or legal practitioners employed by the Group or one of its entities. Disciplinary action may include suspension or deregistration of the individual patent or trade marks attorney or suspension and cancellation of the practising certificate of the individual legal practitioner and, in extremely serious circumstances, disqualification of the relevant Group entity, which may prevent the Group from operating in one or more of the jurisdictions in which it currently operates.	Section 4.1.2
Regulatory reform	Changes in government legislation, guidelines and regulations applicable to IP could adversely affect the Group. There are a number of regulatory reforms which are relevant to areas in which the Group practises. These reforms are in the process of being implemented, are currently being discussed and negotiated, or may be contemplated in the future. The full impact of some of these risks on the Group is not yet known.	Section 4.1.3
Personnel	The Group depends on the talent and experience of its personnel and the loss of any key personnel, or a significant number of personnel generally, may have an adverse effect. It may be difficult to replace those personnel, or to do so in a timely manner or at comparable expense. In particular, the Restructure and Listing will involve a change in the way that the Principals' remuneration is structured and the way that the Group is managed and operates.	Section 4.1.4

Topic	Summary	For more information
Disinter-mediation	The Group acts as an intermediary agent between its clients and IP offices. This role is reinforced by clients' reliance on the Group's expertise (both general IP expertise and local expertise) and current 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. The removal of intermediaries in the IP application and registration process, such as removal of the local IP agent as the intermediary between the applicant and the local IP office, may materially impact the Group.	Section 4.1.5
Case management and technology systems	The Group's internally customised systems represent an important part of its operations. Any interruption, loss of, or delay of the Group's internet or communication facilities or transaction processing facilities, loss or corruption of data, failure of backup and restoration procedures or failure of disaster recovery plans, may impact the Group's short term financial position and may have a longer term impact on client satisfaction. In particular, any damage to, or failure of, the Group's key systems can result in disruptions to the Group's ability to successfully file or prosecute applications for its clients, meet deadlines, or otherwise provide its service. This may potentially lead to the loss of clients' rights and reduce the Group's ability to generate revenue, impact client service levels and damage the Spruson & Ferguson brand.	Section 4.1.6
Change in structure	Spruson & Ferguson's transition from an unlisted group of unit trusts and private companies to being held by IPH, a listed public company, will result in changes in the way the Group operates in respect of financial management and reporting, corporate governance and general operating requirements. An inability by the Group to adequately manage and resource this change in financial management and reporting, corporate governance and operations or to properly identify key compliance or commercial risks, may have a material adverse impact on the Group's business.	Section 4.1.7
Concentration of shareholding	Following completion of the Offer, the Existing Owners will hold approximately 49.8% of the Shares. Accordingly, the Existing Owners will continue to be in a position to exert significant influence over the outcome of matters relating to IPH, including the election of Directors and the consideration of material Board decisions. Although the interests of IPH, the Existing Owners and other Shareholders are likely to be consistent in most cases, there may be instances where their respective interests diverge. The Existing Owners have entered into escrow arrangements in relation to all of their remaining Shares held at IPO, under which their Shares will be escrowed for up to 2 years from Listing.	Section 4.1.8

1 INVESTMENT OVERVIEW

CONTINUED

Topic	Summary	For more information
Professional liability and uninsured risks	The provision of IP services and legal advice by the Group gives rise to the risk of potential liability for negligence or other similar client claims. Any such claims may cause financial and reputational damage. Although the Group maintains professional liability insurance to mitigate the financial risk, its profitability may be adversely affected in the event that the insurance does not cover a potential claim (e.g. due to some disqualifying act of the personnel involved), the claim exceeds the coverage available or the deductible on numerous claims in a period is material. Further, the resulting creation of an adverse claims history may result in higher ongoing premiums for the Group, which would adversely affect its profitability.	Section 4.1.9
Foreign exchange risk	The Group's financial reports are prepared in Australian dollars. However, a substantial proportion of the Group's sales revenue, expenditures and cash flows are generated in, and assets and liabilities are denominated in, Euros, US dollars and Singapore dollars. Any adverse movements of Euros, Singapore or US dollars against the Australian dollar as well as other adverse exchange rate fluctuations or volatility, particularly during the period between when an invoice is issued and when payment is made, could have an adverse effect on the Group's future financial performance and position. The Group does not currently hedge against this currency risk.	Section 4.1.10

1.4 Summary of key financial information

Topic	Summary				For more information	
What is the key financial information and key financial ratios?					Section 5 contains further details about IPH's historical and forecast financial position and performance	
		Pro Forma Historical		Pro Forma Forecast		Statutory Forecast
	A\$ million	FY13	FY14	FY15		FY15
	Revenues	74.2	79.2	82.8		82.8
	EBITDA	28.6	30.0	33.0		30.4
	EBIT	27.3	29.2	31.7		29.1
	NPAT	20.3	21.9	23.8		23.2
	Earnings per Share (cents)			15.1		14.7
	Statutory NPAT	33.0	32.2			23.2
	Key Financial Ratios					
	Enterprise Value ² /pro forma FY15 forecast EBITDA ³					10.6x
	Enterprise Value ² /pro forma FY15 forecast EBIT ³					11.1x
	Offer Price/pro forma consolidated FY15 forecast NPAT per Share ^{3,4}					13.9x
	FY15 annualised dividend yield ^{3,5}					6.4%
Key Financial Leverage Ratios						
Pro forma net debt ¹ /pro forma FY15 forecast EBITDA ³				0.6x		
Pro forma FY15 forecast EBITDA ³ /pro forma FY15 interest expense ³				88.1x		
Pro forma FY15 forecast EBIT ³ /pro forma FY15 interest expense ³				84.5x		

Notes:

- 1 Equal to pro forma current and non-current borrowings less pro forma cash and cash equivalents set out in the pro forma historical consolidated balance sheet set out in section 5.4.
- 2 Equal to the indicative market capitalisation plus pro forma consolidated indebtedness (as at 30 June 2014) set out in section 5.11.
- 3 The Forecast Financial information is based on assumptions and accounting policies set out in section 5 and is subject to the risks as set out in section 4.
- 4 This ratio is commonly referred to as a price to earnings, or PE, ratio.
- 5 Annualised for the period from 2 October 2014 (note this is before allotment date of 13 November 2014) until 30 June 2015.

1.5 Directors

Topic	Summary	For more information
Who are the directors of IPH and what is their experience?	Richard Grellman AM (Chairman) FCA Richard is chairman of Crowe Horwath Australasia Limited, Genworth Mortgage Insurance Limited, AMP Foundation and Bible Society Australia. Richard is also a director of Bisalloy Steel Group Limited and chairman emeritus of The Association of Surfing Professionals (International) Limited. Richard has also served as a director of AMP Limited (2000-2011), director of AMP Life Limited (2002-2009), chairman of AMP Life Limited (2009-2011), director of Centennial Coal Company Limited (2008-2011), chairman of NSW Lifetime Care and Support Authority (2006-2009) and chairman of NSW Motor Accidents Authority (1994-2009). Richard worked for KPMG for 32 years, mostly within the Corporate Recovery Division and was a partner from 1982 to 2000. David Griffith (Managing Director) BE (Hons), FIPTA, Registered Australian and New Zealand Patent Attorney, Registered Australian Trade Marks Attorney David has worked at Spruson & Ferguson since 1974. He has been a Principal of Spruson & Ferguson since 1981 and Managing Principal of Spruson & Ferguson since 1999. David was a founding director of Spruson & Ferguson Asia and has been chairman since 2011. David's professional appointments include past President of the Institute of Patent and Trade Mark Attorneys of Australia (IPTA), past President of the Contact Commission of the Federation Internationale des Conseils en Propriete Industrielle (FICPI) (1997-2012) and an ex officio member of the FICPI Advisory Council (1997-2012). He was an Australian delegate to the FICPI Executive Committee from 1983 to 1990 and he is a Member of Honour of FICPI. David was a representative partner to Computer Patent Annuities Limited Partnership (CPA) in Jersey, Channel Islands prior to his appointment to the Board from 2005 until it was sold to private equity in 2010. John Atkin (Non-Executive Director) LLB (1st Class Hons), BA (Pure Mathematics) (1st Class Hons) John is a director of Aurizon Holdings Limited, the Australian Outward Bound Foundation and the State Library of NSW Foundation. John is a former CEO & Managing Director of The Trust Company Limited (2009-2013). John was also Managing Partner and Chief Executive of Blake Dawson (2002-2008). John also worked at Mallesons Stephen Jaques as a Mergers & Acquisitions Partner for 14 years (1987-2001).	Section 6.1

Topic	Summary	For more information
Who are the directors of IPH and what is their experience? (continued)	Robin Low (Non-Executive Director) BCom, FCA Robin is a director of AustBrokers Limited, CSG Limited, Sydney Medical School Foundation, Primary Ethics and the Public Education Foundation. She is also a member of the Auditing and Assurance Standards Board. Robin worked at PricewaterhouseCoopers for 28 years and was a partner from 1996 to 2013. Dr Sally Pitkin (Non-Executive Director) PhD (Governance), LLM, LLB, FAICD Sally is a non-executive director of CEDA, Super Retail Group Limited and Billabong International Limited. Sally is the Deputy President Queensland of the Australian Institute of Company Directors. Sally is a former director of ASX listed Aristocrat Leisure Limited and Australian Leisure and Hospitality Group. Sally is a former corporate partner of the law firm Clayton Utz.	Section 6.1

1.6 Significant interests of key people and related party transactions

Topic	Summary	For more information
What significant benefits and interests are payable to Directors and other persons connected with the issuer or Offer?	On Completion of the Offer the number of Shares held by the Directors is expected to be as follows: • Richard Grellman, 47,618 Shares • David Griffith, 6,098,766 Shares • John Atkin, 95,236 Shares • Robin Low, 47,618 Shares • Dr Sally Pitkin, 47,618 Shares Final Directors' Share holdings will be notified to the ASX on Listing. Directors may hold their interests in securities shown above directly, or indirectly through holdings by companies or trusts. David Griffith has entered into an executive services agreement with the Group as set out in section 6.4.3. Other Directors are entitled to remuneration and fees on ordinary commercial terms. Advisers and other service providers are entitled to fees for services. Entities associated with David Griffith comprise some of the Existing Owners. Under the Restructure, these entities were issued with 16,425,000 Shares and will transfer 4,227,469 of those Shares to other Existing Owners. SaleCo will acquire and sell under the Offer 6,098,766 of their remaining Shares. In addition, these entities are entitled to receive a distribution from the Group of \$0.7 million, which will be paid by IPH following Completion of the Offer.	Sections 6.4, 9.4 and 9.5

1 INVESTMENT OVERVIEW

CONTINUED

Topic	Summary	For more information
Who are the owners of IPH and are they retaining an interest?	The Existing Owners are the current Shareholders of IPH and are entities associated with 19 of the Principals. On Completion of the Offer, the Existing Owners will hold a total of 78,398,388 Shares, representing 49.8% of the total Shares on issue at this time. The Existing Owners have entered into escrow arrangements in relation to all of their remaining Shares held at IPO, under which their Shares will be escrowed for up to 2 years from Listing. In addition, the Existing Owners are entitled to receive from the Group a distribution of \$6.7 million, representing their undistributed profit entitlements in the Spruson & Ferguson Trust as at 30 September 2014 (being prior to IPH acquiring any units in the Spruson & Ferguson Trust and the units of the Existing Owners being cancelled in return for an issue of Shares in IPH under the Restructure), less deferred income as at 30 June 2014 which has already been distributed. The Group will likely drawdown on the New Banking Facilities (at least in part) to fund this distribution. The Existing Owners associated with David Griffith will be entitled to receive \$0.7 million as part of this distribution.	Sections 7.4 and 7.5
What is the Restructure?	In anticipation of Listing, the Group is undertaking a major restructure. Prior to commencement of the Restructure, the Group's operations were undertaken through a mixture of unit trusts and private companies that did not form a wholly-owned consolidated group. The Principals associated with the Existing Owners were the Trustees of those trusts. On completion of the Restructure, the Group's operations will be undertaken through wholly-owned subsidiaries of IPH, the trusts will cease to have any involvement in the operations, and 18 of the Principals will have entered into service arrangements with the Group. Most of the Restructure has been completed prior to the Prospectus Date. The remaining parts of the Restructure will be completed prior to Listing.	Section 9.4

1.7 Key terms and conditions of the Offer

Topic	Summary	For more information
Who is the issuer of this Prospectus?	IPH Limited (ABN 49 169 015 838). IPH (SaleCo) Pty Ltd (ACN 600 396 825).	
What is the Offer?	This Prospectus relates to an initial public offer of up to 79.1 million Shares, comprising the sale of 79.0 million Shares by SaleCo and the offer of up to 58,571 New Shares by IPH. The Shares being offered will represent approximately 50.2% of the total Shares on issue following the Listing.	Section 7.1
What is the purpose of the Offer?	The purpose of the Offer is to: • achieve a listing on the ASX to broaden the Company's shareholder base and provide a liquid market for its Shares; • provide an opportunity for Existing Owners to partially monetise their investment; • take advantage of recent regulatory reform which allows for the corporatisation of patent attorney practices; • provide an improved capacity to attract and retain quality staff through short and long term employee incentives; and • provide additional financial flexibility for the Group to pursue growth opportunities and improve access to capital markets.	Section 7.3
How much will be raised by the Offer?	The Offer is expected to raise approximately \$165.9 million. This amount represents proceeds from the sale of Shares by SaleCo and will be paid to SaleCo. This amount, less costs of approximately \$5.8 million agreed to be paid by SaleCo, will be passed on to the Existing Owners. The funds received for the sale of these Shares will not be paid to IPH. IPH will not raise any amounts under the Offer.	Section 7.3
What is SaleCo and what is its involvement in the Offer?	SaleCo is an entity established to sell Shares acquired from Existing Owners. The Shares which SaleCo acquires from Existing Owners will be transferred to successful Applicants at the Offer Price.	Section 9.5
Will any Shares be subject to escrow?	The Existing Owners have entered into escrow arrangements in relation to all of their remaining Shares held at IPO. These Shares will be escrowed for up to 2 years from Listing (expected to be 19 November 2016).	Section 7.5
Will the Shares be listed?	IPH will apply to ASX for admission to the official list of ASX and quotation of Shares on ASX under the code IPH. Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such an application is made, the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	Section 7.14.1

1 INVESTMENT OVERVIEW

CONTINUED

Topic	Summary	For more information
How is the Offer structured?	The Offer comprises: - the Retail Offer, consisting of the: - Broker Firm Offer; and - Employee Award Offer. - the Institutional Offer, which consists of an invitation to acquire Shares made to Institutional Investors.	Section 7.2
What is the Employee Award Offer?	All Eligible Employees are entitled to participate in the Employee Award Offer. Eligible Employees will be offered the opportunity to apply for 476 Shares each for no consideration payable to IPH.	Section 7.9
How can I apply?	Broker Firm Applicants may apply for Shares by completing an Application Form and lodging it with the Broker who invited them to participate in the Offer. Employee Award Applicants will receive personalised invitations to participate with an accompanying Prospectus and Application Form and instructions on how to apply. There is no general offer available. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.	Sections 7.8 and 7.9
When will I receive confirmation that my application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about 14 November 2014.	
Is the Offer underwritten?	Yes. The Offer (except the Employee Award Offer) is fully underwritten by the Joint Lead Managers.	Section 9.6
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer and the Institutional Offer is determined by the Joint Lead Managers in consultation with IPH. The allocation of Shares among applications in the Institutional Offer is determined by the Joint Lead Managers in consultation with IPH. In relation to the Broker Firm Offer, Brokers will decide how they allocate firm stock among their eligible retail clients. The Shares offered under the Employee Award Offer are New Shares and are sufficient to meet all applications made under the Employee Award Offer. Such applications will not impact the allocation of Shares under the Broker Firm Offer and the Institutional Offer.	Sections 7.8.3 and 7.10.2

Topic	Summary	For more information
Is there any brokerage, commission or stamp duty payable by applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.	Section 7.7
What is IPH's dividend policy?	The Board is forecasting a dividend of 10.4c per Share for FY15 payable for the periods to 31 December 2014 and 30 June 2015, representing an annualised dividend yield of 6.4% based on the Offer Price. It is estimated that this dividend will be between 65% and 75% franked. Beyond this, the Board is targeting a dividend payout ratio of between 80% and 90% of NPAT.¹ It is expected that these dividends will be partially franked and paid semi-annually.	Section 5.15
Where can I find more information about this Prospectus or the Offer?	For more information, please call the IPH Offer Information Line on 1300 653 497 (within Australia) or +61 1300 653 497 (outside Australia) from 8.30am until 5.30pm (AEDT) Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether IPH is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.	Corporate Directory
Can the Offer be withdrawn?	IPH and SaleCo reserve the right not to proceed with the Offer at any time before the issue or transfer of Shares to successful applicants. If the Offer does not proceed, Application Monies will be fully refunded. No interest will be paid on any Application Monies refunded as a result of not proceeding with the Offer.	Section 7.12

Note:

- ¹ This is not intended to be a forecast or guarantee of dividend payouts. It is merely an indication of IPH's objectives. IPH may not be successful in achieving its objectives. Returns are not guaranteed.

2

INDUSTRY OVERVIEW



2.1 IP

Intellectual Property ("IP") is an output of intellectual creativity that may be reflected in various forms including inventions, trade marks, designs and artistic works.

Certain types of IP may be protected with registrable monopoly rights, granted by statute, in relation to use of the IP for a period of time.

The most common forms of registrable IP rights are set out below:

Patents

A patent is a temporary monopoly right which allows the patent owner to exclude others from exploiting an invention (which may be a device, substance, method or process) that is new, inventive and useful.

Trade marks

A trade mark is a "sign" used to distinguish the goods and services of one person from those provided by another person in the course of trade. A sign can include any stylised letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, shape, colour, sound or scent or a combination of these things. Registration of a trade mark provides the owner with

the right to exclude others from using, licensing or selling the mark in relation to goods and services for which it is registered.

Designs

A design is the overall appearance of a product resulting from one or more visual features of shape, configuration, pattern or ornamentation of the product. Registration of a design provides exclusive rights to the overall appearance of the product.

Other IP rights

The other IP right that can be protected under a statutory registration system is plant breeder's rights. Other forms of IP which are protected under statute but for which there is no statutory registration system include copyright, circuit layouts, confidential information and business "know how".

2.2 The importance of IP

IP is often fundamental to the operations and value of many of the world's leading companies.

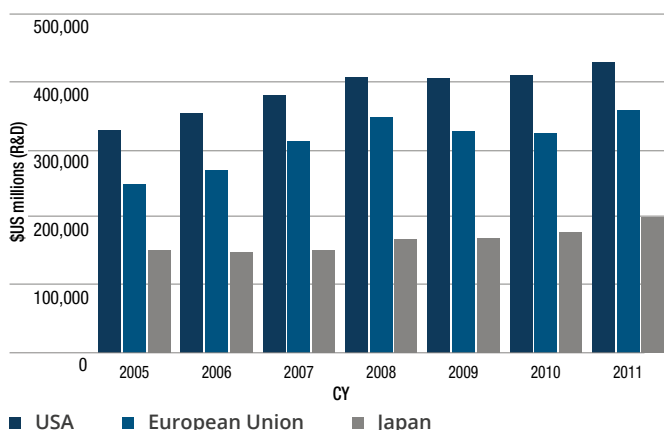
IP rights provide an incentive to invest in innovation through ensuring that the competitive advantage resulting from this investment is protected.

Accordingly, the development of IP is often critical in the growth of companies and broader economies.

Spending on research and development provides an indication of some of the investment that IP rights protect. The World Bank estimates that total spending on research and development in the USA, the European Union and Japan totalled over US\$987 billion in 2011 and represented 2.8% of US GDP, 2.1% of the European Union's GDP and 3.4% of Japanese GDP. Research and development spending in Australia is estimated by the World Bank as approximately 2.4% of GDP in 2010 and Singapore spending is estimated by the World Bank as 2.2% of GDP in 2011.

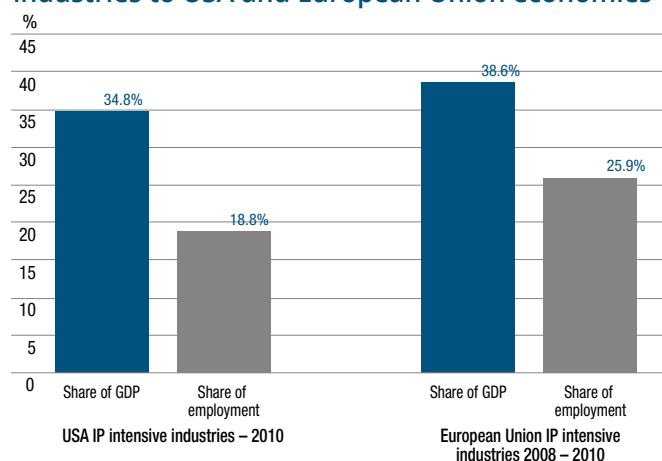
Recent studies in the USA and Europe also examined the importance of IP right intensive industries to the USA and European Union economies. As illustrated in Chart 2, these studies estimated that IP right intensive industries accounted for approximately \$5.06 trillion in value-added to the USA economy, or 34.8% of USA GDP in 2010, and approximately 38.6% of European Union GDP in the period from 2008 to 2010.

Chart 1: Research and development spending in USA, European Union and Japan



Source: World Bank Data Series NY.GDP.MKTP.CD (GDP (current US\$) & GB.XPD.RSDV.GD.ZS (Research and development expenditure (% of GDP)) (European Union data excludes Greece due to lack of available data) – sourced 25 September 2014)

Chart 2: Estimated contribution of IP intensive industries to USA and European Union economies



Source: Source: "Intellectual Property Rights intensive industries: contribution to economic performance and employment in the European Union, Industry – Level Analysis Report" prepared by the European Patent Office and the Office for Harmonization in the Internal Market, September 2013 & "Intellectual Property Rights and the US Economy: Industries in Focus" prepared by Economics and Statistics administration and United States Patent and Trademarks office, March 2012

2 INDUSTRY OVERVIEW CONTINUED

2.3 Size and growth of the IP market

2.3.1 Patents

The majority of Spruson & Ferguson's service charge revenues (83% in FY14) are derived from services relating to patents and designs. The Australian patent market, as represented by the number of patent applications filed, was approximately 32,000 applications (including all types of patent applications) in FY14. The total number of patents in force in the Australian market was approximately 133,000 as at August 2014. The Singaporean patent market, as represented by the number of applications filed, was approximately 9,700 applications in CY13. The total number of patents in force in the Singapore market was approximately 44,000 as at August 2014. WIPO estimates that the number of patent applications filed in Asia (excluding Japan) was approximately 955,000 in CY12.

The vast majority of patent applications in Australia and Singapore are sourced from non-resident applicants, as illustrated in the Charts 5 and 6 opposite. Most other Asian countries in which Spruson & Ferguson provide services are similar in this respect with the exception of China where there is a large proportion of applications filed by residents.

One of the most relevant measures of market growth for Spruson & Ferguson is the growth in the number of non-resident patent applications filed within Australia and Asia, given that over 90% of the Group's patent applications in FY14 in these regions were filed on behalf of non-residents. The growth in patent applications filed in Australia and Asia by non-residents is set out below.

Asian growth in the number of applications filed since 1996 has been significantly greater than growth in Australia. IP protection outside of traditional, mature markets is becoming more important for many companies. IP protection in emerging economies becomes increasingly important to multinational companies as wealth and consumption in these economies increases and local manufacturing grows.

In both Australia and Asia, there was a decrease in the number of applications filed in 2009. IPH believes that this reflects the impact of the Global Financial Crisis ("GFC"). The number of patent applications filed has since increased in both Australia and Asia. In Australia there was a significant spike in the number of applications filed in the lead up to implementation of the Intellectual Property Laws Amendment (Raising the Bar) Act 2012 on 15 April 2013, including a peak of over 1,500 applications filed in a single day. The change in legislation resulted in a number of patent applications that would ordinarily have been filed in FY14 instead being filed in FY13, so they could be processed under the previous legislation. The result was an increase of approximately 14% in applications filed in FY13 and a subsequent decrease of approximately 17% in FY14.

The number of international Patent Cooperation Treaty ("PCT") applications filed provides some indication of potential future national patent application levels. The PCT process (see section 2.5.1), requires applicants to enter the national phase of a PCT application in each jurisdiction for which they wish to pursue patent protection via the PCT process. The numbers of PCT applications filed have continued to grow over recent times, as set out in Chart 7 opposite.

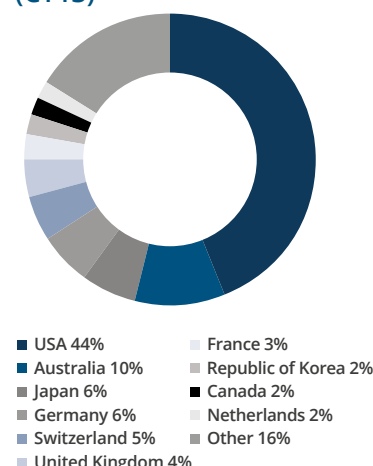
2.3.2 Trade marks

After patents, Spruson & Ferguson's trade marks, domain and business names business is the next largest contributor to service charge revenue, accounting for 12% in FY14.

The Australian trade marks market, as represented by the total number of trade mark applications filed, was approximately 61,000 applications in FY14. The growth in trade mark applications filed in Australia is set out in Chart 8 opposite.

The Group believes that much of the growth in Australian trade mark applications filed is due to increases in the number of applications filed directly by applicants rather than through agents. The number of

Chart 3: Patent applications in Australia by country of origin (CY13)

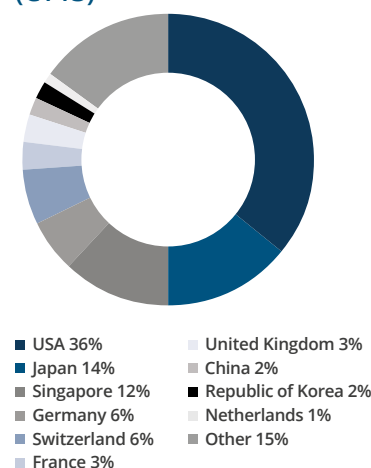


Source: IP Australia

Note:

Complete standard patent applications only, excludes provisional and innovation patent applications.

Chart 4: Patent applications in Singapore by country of origin (CY13)



Source: Intellectual Property Office of Singapore

trade mark applications fell in FY09 following the GFC but rose to pre GFC levels by FY13 before falling in FY14.

2.4 Role of patent and trade marks attorneys

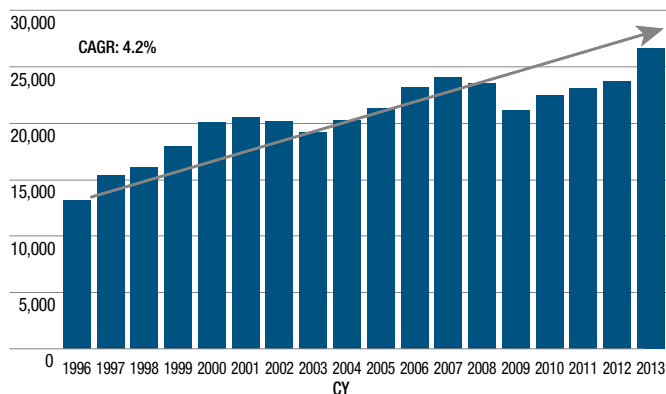
Spruson & Ferguson is an IP services firm that employs patent and trade marks attorneys and other professionals to assist its clients in IP related matters. Patent and trade marks attorneys are qualified and trained in laws relating to patents, trade marks and designs, and have a level of understanding of laws relating to copyright, trade practices, circuit layouts, plant breeder's rights and confidential information.

In Australia, registration of patent attorneys is administered by the Professional Standards Board for Patent and Trade Marks Attorneys ("PSB") which exists under the Patents Act 1990. The requirements for registration as a patent attorney include an academic higher education qualification in a field of science or technology (typically a science or engineering degree) approved by the PSB, completion of approved courses of study providing knowledge of intellectual property law and practice that is required for a person to practise as a patent attorney and employment for a period of at least two years in a position providing experience in various specified patent attorney skills. Although patent

attorneys are not also required to be legal practitioners, many patent attorneys also have law degrees.

The qualification of trade marks attorney exists under the Trade Marks Act 1995 and entitles a person to practise as a trade marks attorney under the Trade Marks Act 1995. To obtain registration as a trade marks attorney, a person must satisfy what is generally a subset of the patent attorney registration requirements. Australian legal practitioners and patent attorneys may also practise under the Trade Marks Act 1995, as trade marks agents.

Chart 5: Non-resident patent applications filed in Australia

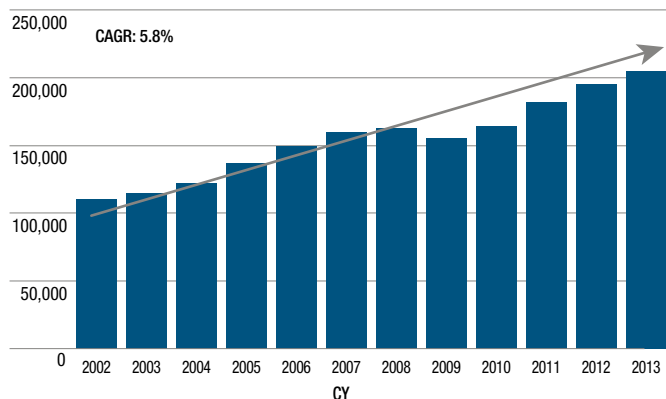


Source: WIPO and IP Australia

Note:

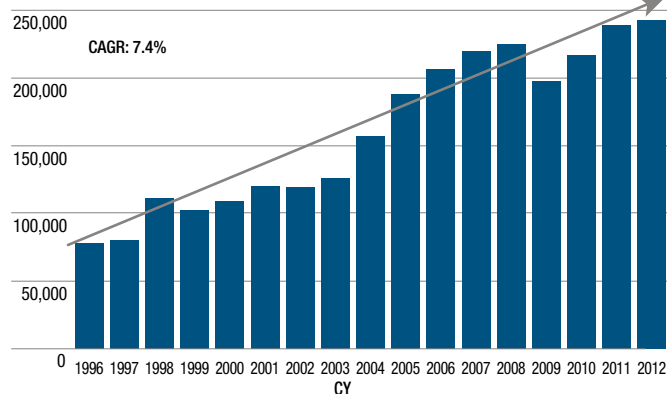
Complete standard patent applications only, excludes provisional and innovation patent applications.

Chart 7: PCT patent applications filed



Source: WIPO

Chart 6: Non-resident patent applications filed in Asia (ex Japan)

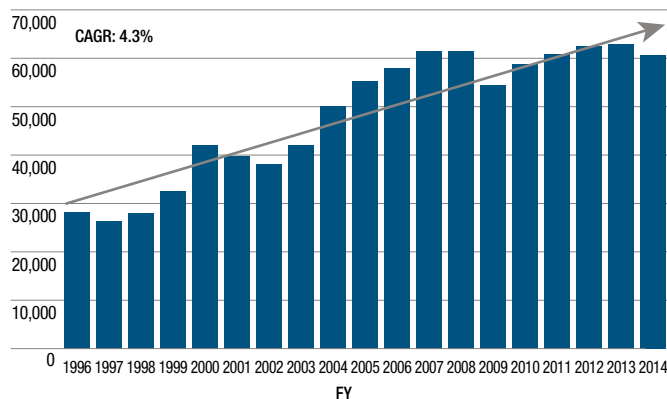


Source: WIPO

Note:

CY2013 not yet available from WIPO.

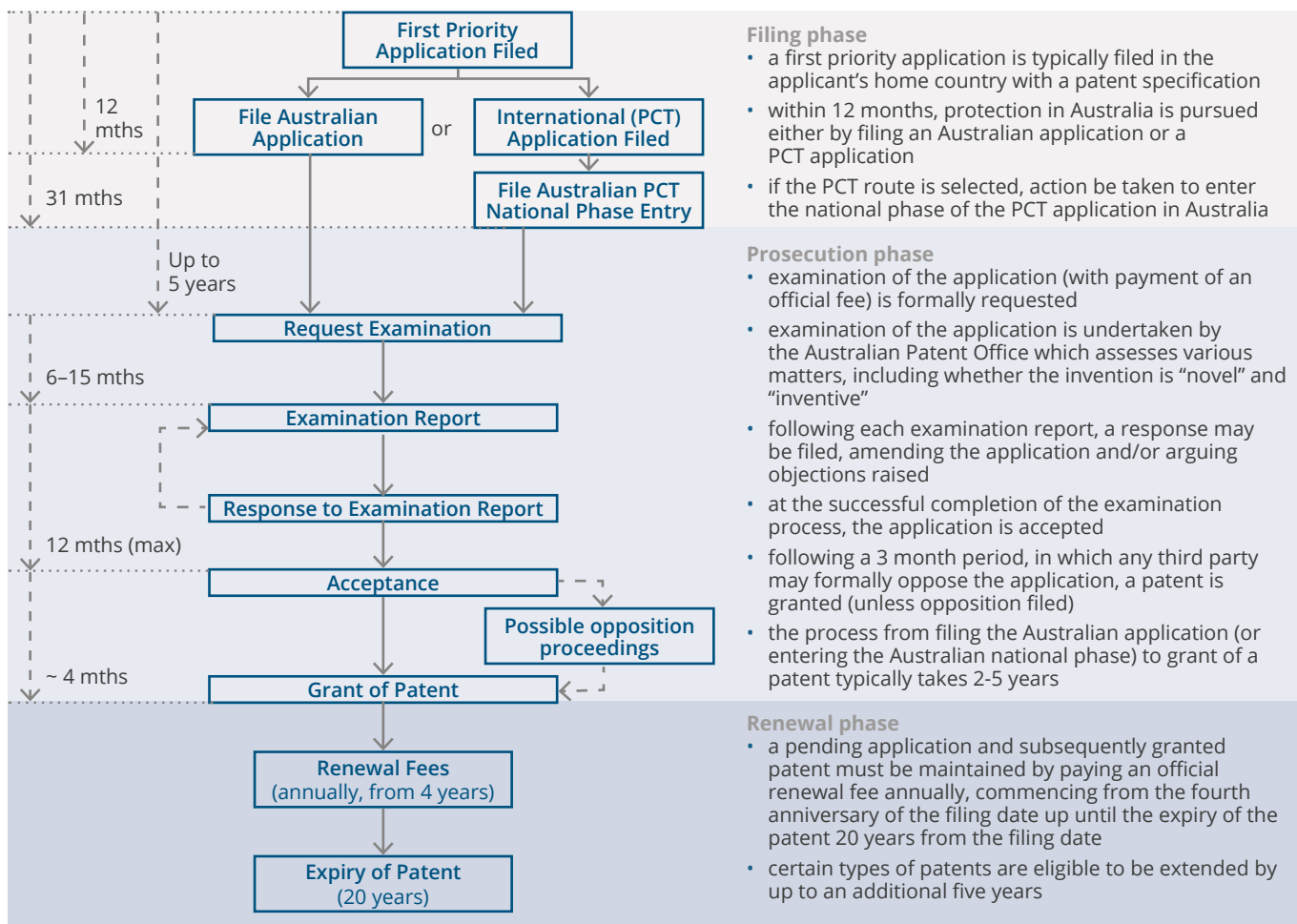
Chart 8: Trade mark applications filed in Australia



Source: IP Australia

2 INDUSTRY OVERVIEW CONTINUED

Chart 9: Australian patent process



Patent and trade marks attorneys provide services and generate revenues across the entire IP lifecycle. Importantly, in Australia and many other jurisdictions, the Patents Act 1990 or its equivalent provides that only a registered patent attorney is entitled to provide a number of services, the most important of which is the drafting of patent specifications.

Income is also derived from other services including providing advice on various IP issues, including infringement and validity of IP rights, conducting searches, acting in oppositions to the grant of IP rights and providing technical support to legal practitioners on litigation matters.

The number of patent attorneys registered in Australia has increased significantly over the last 15 years following reforms of the registration criteria for patent attorneys in 1999. The reforms were the result of a review of the regulatory regime for patent attorneys that was commissioned by the Federal Government to consider the impact of the 1993 Hilmer report on National Competition Policy. There has been an increase of approximately 60% in the last 10 years, although the rate of increase has declined, with numbers increasing by only 17% in the last six years. The number of IP services firms in Australia has also increased as a result.

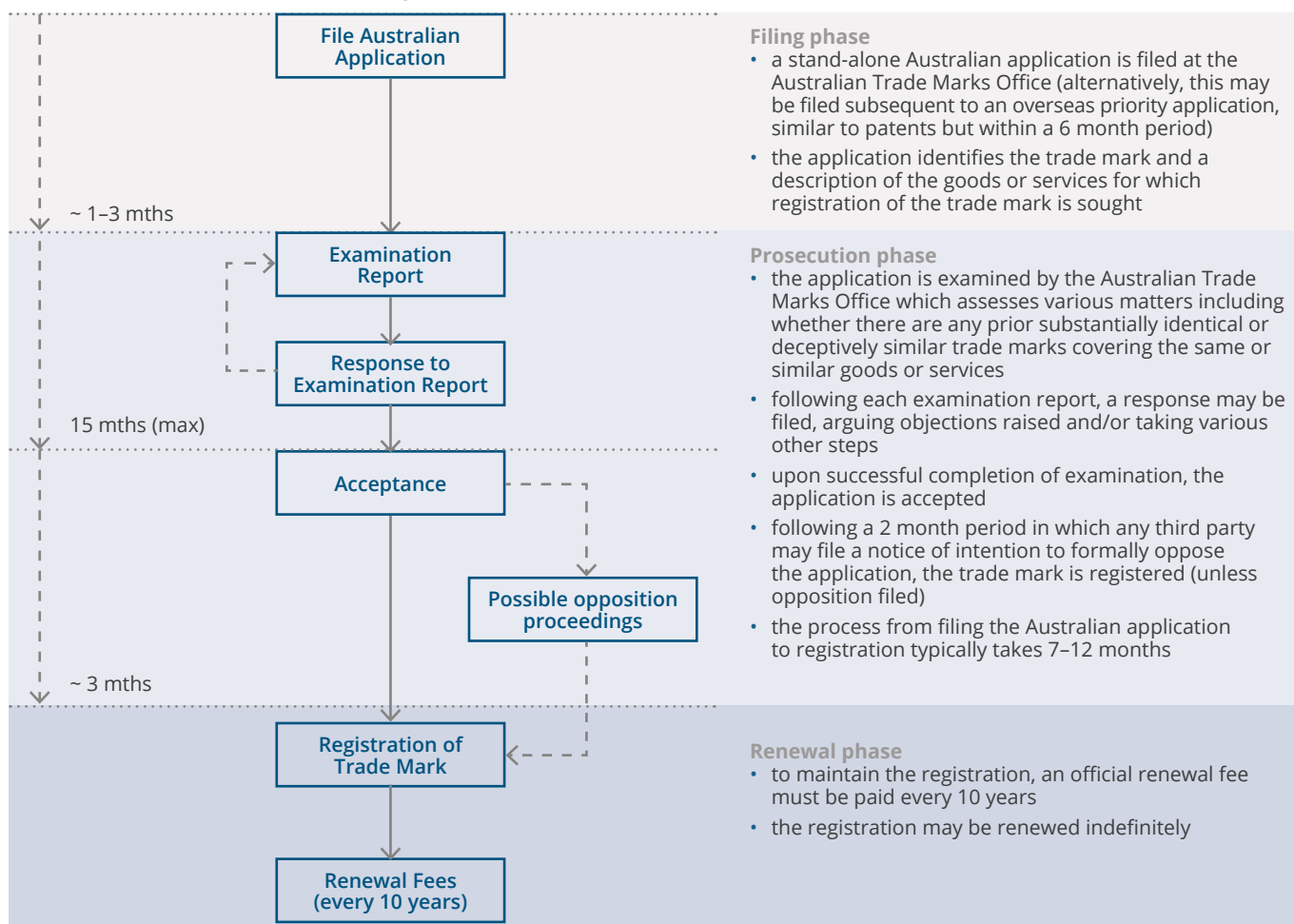
2.4.1 The Australian patent process and role of the patent attorney

The patent process and lifecycle varies between countries. Chart 9 above summarises the process in Australia and the steps that a patent attorney assists with.

2.4.2 The Australian trade marks process and role of the trade marks attorney

The trade marks process and lifecycle varies between countries. Chart 10 opposite summarises the process in Australia and the steps that a trade marks attorney assists with.

Chart 10: Australian trade mark process



2.5 IP regulation

2.5.1 International IP protection

The ways in which IP rights are granted, regulated and enforced vary greatly from country to country. The reasons for these differences include differing legal systems, the level of economic development, business attitudes and the importance of IP within a particular country.

There is no worldwide system to register the various forms of IP internationally. Whilst certain regional patents are available in Europe, Eurasia and Africa, to obtain patent protection in most countries, an applicant needs to file separate patent applications in each country. There is, however, a global forum for IP services, policy, information

and cooperation called the World Intellectual Property Organization (WIPO). WIPO is a self-funding agency of the United Nations, with 187 member states.

The mission of WIPO is to "lead the development of a balanced and effective international IP system that enables innovation and creativity for the benefit of all". The mandate, governing bodies and procedures of WIPO are set out in the WIPO Convention which established WIPO in 1967.

WIPO administers the Patent Cooperation Treaty ("PCT") which provides for an international patent application process. Filing a PCT patent application is a method for facilitating the filing of a patent application in a number of countries.

The PCT has automatic effect in 148 countries and allows the applicant further time to decide in which individual countries to pursue patent protection. A PCT application also undergoes an initial search and examination process that provides the applicant with an early indication of what patent rights might be available before incurring costs pursuing protection in each separate country. An applicant still needs to pursue protection separately in each country of interest by filing a "national phase entry" of the PCT application and prosecuting the national application before the local patent office.

WIPO also administers the "Madrid Protocol" system for trade marks. Under this system it is possible to file an application to protect a trade

2 INDUSTRY OVERVIEW

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mark as an International Registration, which provides protection in up to 92 jurisdictions, including Australia and Singapore. A trade mark can only be the subject of an international application if it has already been applied for or registered in the applicant's home trade marks office. A "certifying" procedure is undertaken by the home office before the application is sent to WIPO. WIPO then transmits the international application to the national trade marks office of each of the designated countries to undergo examination in the same manner as a national application.

2.5.2 Regulation of IP in Australia

Section 51(xviii) of the Commonwealth Constitution sets out the Commonwealth's legislative power in relation to IP.

IP Australia, which incorporates the Australian Patent Office, Trade Marks Office and Designs Office, is the government agency that administers IP rights and legislation in Australia relating to patents, trade marks, designs and plant breeder's rights. There is no formal registration for copyright ownership.

The main Acts administered by IP Australia include:

- Patents Act 1990;
- Trade Marks Act 1995;
- Designs Act 2003; and
- Plant Breeder's Rights Act 1994.

These Acts govern how IP can be protected in Australia. They include provisions for:

- establishing and maintaining patents, trade marks, designs and plant breeder's rights;
- the fees charged by the regulator;
- prescribing the means to take infringement proceedings to protect and enforce rights; and
- prescribing the jurisdiction of courts in appeals against decisions.

All of the major IP Acts were significantly impacted by a major regulatory change in 2013. One of the major outcomes of the Intellectual Property Laws Amendment (Raising the Bar) Act 2012, which came into force in April 2013, was to raise the standard and quality of patents so that they more closely align with international standards. Amongst the various changes to the Patents Act was an amendment that removed the prohibition on patent attorneys operating in a corporate structure. Thus it is only since April 2013 that a company has been able to hold itself out and operate as a patent attorney practice.

2.5.3 Regulation of IP in Singapore

The Intellectual Property Office of Singapore ("IPOS") is a statutory body that administers IP in Singapore. IPOS was established under the IPOS Act (Cap. 140) to undertake functions including administering the systems in Singapore for the protection of intellectual property, promoting public awareness and effective use of intellectual property rights and promoting or assisting in the development of the profession of intellectual property agents and intellectual property advisers in Singapore. IPOS advises and administers the IP regime, promotes its usage and builds expertise to facilitate the development of Singapore's IP eco-system.

The main Acts governing the IP regime in Singapore, include:

- Patents Act (Cap. 221);
- Trade Marks Act (Cap. 332);
- Registered Designs Act (Cap. 266);
- Plant Varieties Protection Act (Cap. 232A); and
- Copyright Act (Cap. 63).

The Government of Singapore has identified IP as a new growth area and recognises that IP has become a key driver of economic growth globally. In light of the above, in April 2013 the government adopted an IP master plan which is a 10 year plan setting out the vision of Singapore as a global IP hub in Asia. The three strategic outcomes that the plan sets out include Singapore aiming to be a hub for:

- IP transactions and management, where companies use Singapore as a base to manage and transact IP internationally;
- quality IP filings, where companies register their IP in Singapore, utilise Singaporean IP services and infrastructure, and leverage Singapore as a gateway to secure IP protection in key markets all over the world; and
- IP dispute resolution, where IP disputes are brought to Singapore for expeditious and effective resolution through litigation or alternative dispute resolution.

2.5.4 Regulation of IP in other Asian countries

Other Asian countries typically have similar regulatory authorities and legislative instruments to Australia and Singapore.

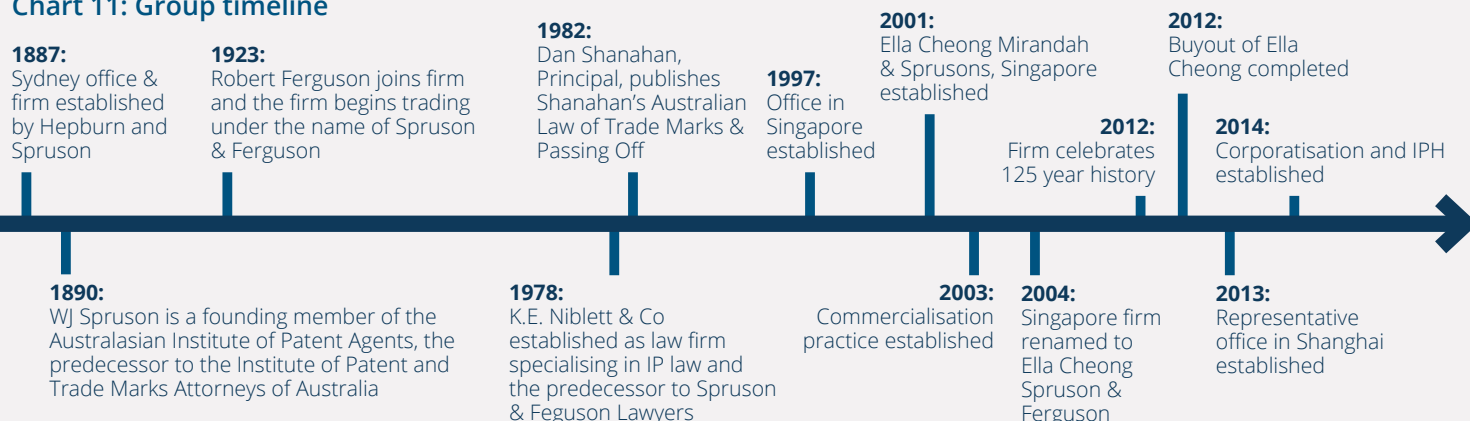


3

COMPANY OVERVIEW

3 COMPANY OVERVIEW

Chart 11: Group timeline



3.1 Introduction to IPH

IPH is a newly incorporated company established for the purpose of the Offer. On Listing, IPH will wholly own Spruson & Ferguson, one of the leading intellectual property ("IP") services firms in the Asia-Pacific region, offering a wide range of services for the protection, commercialisation, enforcement and management of IP. These services are provided across Australia, New Zealand, Papua New Guinea and the Pacific Islands and Asia from offices in Sydney, Singapore, Kuala Lumpur and supported by its representative office in Shanghai.

The Group's history dates back to 1887 when Spruson & Ferguson was established as an Australian patent and trade marks attorney firm. Spruson & Ferguson opened a Singapore office in 1997, which the Group believes represented the first Australian IP services firm to enter the Asian market. This office is now one of the Group's two IP service hubs, providing a "one-stop" patent and design filing and prosecution service in 19 countries throughout Asia.

The majority of Spruson & Ferguson's revenue is earned by providing IP services in relation to patents, with services typically involving the drafting, filing and prosecution of patent applications. In Australia, Spruson & Ferguson also provides trade marks services, and provides IP related commercial and legal advice and IP litigation through the Group's legal business, Spruson & Ferguson Lawyers.

In FY14, Spruson & Ferguson filed more Australian patent applications than any other IP services firm and

in CY13 it filed more Singaporean patent applications than any other IP services firm.

The Group has a long history of innovation. As well as being what the Group believes is the first Australian firm to enter the Asian market, it established what the Group believes is the first Australian law firm to specialise exclusively in IP. It is also a recognised leader in the electronic filing of applications, being the first in Australia to file applications using IP Australia's fully electronic Business to Business (B2B) system (and remains the leading user of the system) and the only firm filing New Zealand PCT national phase patent applications electronically using the Intellectual Property Office of New Zealand's equivalent B2B system.

Spruson & Ferguson has a diverse client base consisting of Fortune Global 500 companies and other multinationals, public sector research organisations, foreign associates and local clients. The majority of the Group's revenue is sourced from foreign clients, with less than 20% of FY14 service charge revenue sourced from either Australian or Singaporean based clients. No client represented more than 3% of service charge revenue in FY14 and approximately 22% of service charge revenue was earned from the top 20 clients. In FY14, 16 of Spruson & Ferguson's top 20 clients had been clients for more than 25 years.

Spruson & Ferguson's team includes approximately 300 people, including 85 professional staff, led by its 21 Principals (19 of whom are associated with the Existing Owners). IPH believes this multidisciplinary team includes some of the most highly regarded IP

professionals in the Asia-Pacific region. The professional team comes from a range of professional backgrounds and all of the 85 professionals have University degrees or higher.

The Group's objective is to be recognised as a leading global firm for what it considers to be secondary markets for IP services, being those outside the world's core IP markets of the USA, Europe, Japan and South Korea. These include both mature, steady growth markets like Australia and New Zealand and emerging markets like those in Asia. IPH believes that IP protection is becoming increasingly important for multinational companies in these emerging markets as wealth and consumption increases and local manufacturing grows. In particular, the Group aims to continue its strategy of providing a "one stop" service across Asia. It believes that it will continue to have a leading presence in the mature Australian market and sees particular growth opportunities in a number of Asian countries which are growing at a greater rate than the Australian and New Zealand markets and in which the Group has the opportunity to significantly increase its market share.

3.2 History

The Group traces its history to the establishment of the partnership between Wilfred Joseph Spruson and Charles Graham Hepburn in 1887 called "Hepburn & Spruson". Wilfred Spruson was a founding member of the Australasian Institute of Patent Agents. In 1923 Wilfred Spruson was joined by Robert Given Ferguson, an engineer and former Commissioner of Patents, giving rise to the present name of Spruson & Ferguson.

Some of the key highlights of Spruson & Ferguson's history include:

- early IP services firm in Australia, with a business history of 127 years;
- the Group believes it became the first Australian IP services firm with operations in Asia, with the opening of a Singapore office in 1997;
- the Group believes it was the first Australian IP services firm with a dedicated IP litigation practice, with the establishment of K.E. Niblett & Co in 1978; and
- it is a leader in developing and implementing the latest technologies, including being the first firm to file applications electronically through B2B systems

before the Australian Patent Office and the Intellectual Property Office of New Zealand.

The Group opened its own office in Singapore in 1997. In 2001 the Singapore business merged with a local Singaporean firm, creating the joint venture firm Ella Cheong Mirandah & Sprusons Pte Ltd. The Group increased its ownership in the joint venture from 2004 until a final buyout of its business partner in 2012, at which time the Singapore business was renamed to Spruson & Ferguson.

IPH was established in 2014 and, on Listing, will wholly own Spruson & Ferguson as a result of the Restructure. Prior to this, Spruson &

Ferguson has operated as an unlisted unit trust with financial systems and processes that support a cash distribution model. In its transition to a listed public company, the Group will undergo significant development of its governance, financial and operational frameworks.

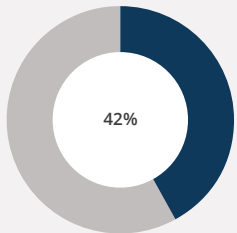
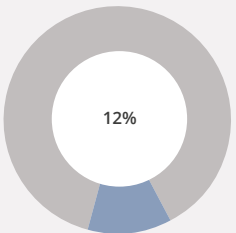
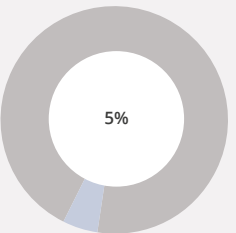
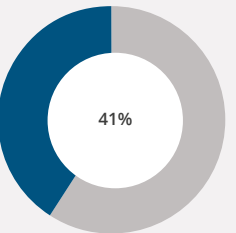
A summary of key events in the Group's history is set out in Chart 11 opposite.

3.3 Business operations

3.3.1 Summary of operations

Spruson & Ferguson's operations can be summarised as follows in Chart 12 below:

Chart 12: Overview of the Group

	Australia			Asia
Business	Patents & Designs	Trade Marks	Legal	Patents & Designs
FY14 Revenue ¹				
Revenue Model	Services are charged on an hourly rate, fixed price basis or a combination of the two. Pricing is based on Australian dollars, Singapore dollars, US dollars, Euros and Malaysian ringgits scales of charges with exchange rates reviewed regularly			
Market Position ²	# 1	# 2	NA	# 1
Professional Staff	38	8	8	31
Offices	Sydney	Sydney	Sydney	• Singapore • Kuala Lumpur • Shanghai
Countries Served Include	Australia, New Zealand, Papua New Guinea and Pacific Islands	Australia, New Zealand, Papua New Guinea and Pacific Islands	Australia	Singapore, Indonesia, Malaysia, China, Thailand, Laos, India, Nepal, Pakistan, Philippines, Hong Kong, Taiwan, Vietnam, Cambodia, Sri Lanka, Macau, Bangladesh, Mongolia and Brunei
Services	• Advising on invention patentability and freedom to operate; • Drafting patent and design applications; • Filing and prosecuting patent and design applications; • Managing patent and design renewal fee payments; and • Providing advisory services	• Advising on trade mark registrability and freedom to operate; • Filing and prosecuting trade mark applications; • Managing trade mark renewal fee payments; and • Providing advisory services	• Acting in IP litigation and dispute resolutions • Providing IP related and commercial advice	• Advising on invention patentability and freedom to operate; • Drafting patent and design applications; • Filing and prosecuting patent and design applications; • Managing patent and design renewal fee payments; and • Providing advisory services

¹ Revenue is based on service charges only – excludes expense recoveries.

² Market position is measured by the total number of patent or trade mark applications filed in FY14 in Australia and CY13 for Singapore.

Source: Spruson & Ferguson, IP Australia and IPOs

3 COMPANY OVERVIEW

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3.3.2 Revenue model and basis of charging

Spruson & Ferguson generates the majority of its service charge revenue acting for clients pursuing their own IP rights (or those of their clients in the case of foreign associates). It also advises its clients in relation to the IP rights of their competitors.

The nature of Spruson & Ferguson's services means that, at any particular time, it has a large portfolio of cases that will potentially generate revenue over a relatively long period. The Group can earn revenue from before a patent or trade mark application is filed up until its final renewal fee payment. This can be over 20 years in the case of patents and indefinite in the case of trade marks. The Group is still providing services in relation to trade marks filed over 100 years ago.

At August 2014, Spruson & Ferguson had over 100,000 active patent, trade mark and design cases at various stages of the IP lifecycle. The Group generally generates the majority of its revenue for any particular patent or trade mark during its filing and prosecution phases. At August 2014,

the Group had over 28,000 patent applications and over 2,800 trade mark applications in the prosecution phase. The prosecution phase for a patent is generally between two and five years and for a trade mark may be up to 21 months.

In the renewals phase, Spruson & Ferguson generally refers the management of renewal fee payments to a third party renewals service provider pursuant to an agreement with this party and earns revenue in the form of a commission. The Group also earns revenue in this phase by directly managing renewal fee payments for clients that do not wish to use that service provider.

Spruson & Ferguson generally charges its clients as services are provided, rather than under a delayed billing system, meaning that work-in-progress ("WIP") is kept at a low level. This billing cycle and the nature of its services mean that Spruson & Ferguson dispatches a large number of relatively low value invoices. In FY14, Spruson & Ferguson dispatched over 74,000 invoices for services.

Spruson & Ferguson's services are primarily charged on the basis of an hourly rate, fixed price or a combination of both. Pricing is task-based and the Group maintains a scale of charges in Australian dollars, Singapore dollars, US dollars, Malaysian ringgits and Euros.

In some cases, Spruson & Ferguson will enter into a project based fixed price arrangement with its clients whereby fees for some of the tasks are agreed for a certain period of time. For suitable projects, it may also adopt capped fees which are most appropriate for non-contentious work.

Chart 13: Spruson & Ferguson patent services

	Spruson & Ferguson Services	Timelines	Scale
Pre Filing	- Advising on patentability of inventions, including conducting novelty searches - Advising on freedom to operate inventions, including conducting infringement searches - Advising on IP strategies		
Filing	- Drafting patent applications across all technologies - Filing patent applications internationally	Up to 31 months	Over 9,700 applications filed by the Group (directly or indirectly) in FY14
Prosecution	- Prosecuting patent applications internationally - Acting in patent opposition proceedings	Generally 2-5 years	Over 28,000 patent applications in the prosecution phase as at August 2014
Renewal/Management/Enforcement	- Managing patent portfolios - Managing ongoing renewal fee payments - Advising on infringement of client's patents and assisting in Court enforcement proceedings - Preparing and recording assignments of patents	Up to 20 years	Over 10,000 patents in renewal phase where Group may receive income through a management fee or direct service charge, as at August 2014

3.3.3 Patent and design services

Patent and design services represent the majority of Spruson & Ferguson's revenues and are undertaken in its Australian and Asian offices with services provided throughout the Asia-Pacific region. A summary of the services that Spruson & Ferguson provides for clients it is acting for in respect of their own patents (or those of their clients in the case of foreign associates), the time over which those services are provided and the scale of the business is set out in Chart 13 opposite:

Equivalent services to the above are provided in respect of clients' design rights. The Group filed over 900 design applications in FY14.

The patent and design team also advises its clients in relation to the IP rights of their competitors. The types of services it provides include:

- searching for, monitoring and advising on the patents and designs of clients' competitors;

- challenging patents of clients' competitors through opposition or re-examination proceedings, or Court revocation proceedings via Spruson & Ferguson Lawyers; and
- advising on clients' infringement (or potential infringement) of competitors' patents and designs.

The patent and design team consists of three broad technology groups with specialist skills across these technologies, being:

- Chemical/Life Sciences;
- Mechanical; and
- Electrical/Information Communications Technology (ICT).

3.3.4 Trade marks, domain and business names services

Spruson & Ferguson's trade marks business operates from the Sydney office and provides services in Australia, New Zealand, Papua New Guinea and the Pacific Islands. A summary of the services that Spruson & Ferguson provides for clients it is acting for in respect of their own trade marks (or those of their clients in the case of foreign associates),

the time over which those services are provided and the scale of the business is set out in Chart 14 below:

The trade marks team also advises its clients in relation to the IP rights of their competitors. The types of services it provides include:

- searching for, monitoring and advising on the trade marks of clients' competitors;
- challenging the trade marks of clients' competitors through opposition proceedings or "non-use" removal actions; and
- advising on clients' infringement (or potential infringement) of competitors' trade marks.

The trade marks team also provides services in relation to business and domain names.

Chart 14: Spruson & Ferguson trade marks services

	Spruson & Ferguson Services	Timelines	Scale
Pre Filing	• Advising on IP aspects of brand creation and protecting trade marks • Advising on certification and collective marks • Advising on registrability of trade marks and freedom to operate, including conducting clearance searches		
Filing	• Filing trade mark applications locally and internationally • Publishing cautionary notices of trade mark ownership in smaller countries without trade mark registration systems	Up to 6 months	• Over 2,100 applications filed by the Group (directly or indirectly) in FY14
Prosecution	• Prosecuting trade mark applications locally and internationally • Defending trade marks in opposition proceedings and non-use removal actions	Up to 21 months	• Over 2,800 trade marks applications in the prosecution phase as at August 2014
Renewal/Management/Enforcement	• Managing trade mark portfolios • Managing renewal fee payments • Advising on infringement of trade marks and assisting in infringement proceedings • Preparing and recording assignments of trade marks	Indefinite	• Over 35,000 trade marks in renewal phase where Group may receive a management fee or direct service charge income, as at August 2014

3 COMPANY OVERVIEW

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3.3.5 Commercial legal advice and IP litigation services

Commercial legal advice and litigation services are provided by the Group's legal business, Spruson & Ferguson Lawyers in Australia.

The core services provided by Spruson & Ferguson Lawyers includes the following:

- acting in all aspects of IP related litigation and dispute resolution, including enforcement and defence of IP rights and invalidity actions;
- acting in claims under the Australian Consumer Law and passing off, breach of confidence actions and contractual disputes;
- providing advice with respect to, and implementing, anti-counterfeit strategies and activities;
- advising on IP research, development, licensing and other commercialisation arrangements;
- advising on the structuring and establishment of new entities;
- providing advice to clients on technology, brand and product acquisitions and disposals;
- advising on regulatory requirements for Government approvals, labelling and advertising;
- providing advice on supply, distribution and other commercial arrangements;
- undertaking IP audits and reviews and advising on the development and implementation of IP management policies, processes and tools; and
- conducting IP due diligence.

These services are primarily limited to Australian matters, but may include foreign matters with the assistance of foreign associates.

3.4 IP hub model and geographic coverage

Key to Spruson & Ferguson's business model is its operation of IP service hubs. This model allows Spruson & Ferguson to provide a "one-stop" service for its clients, co-ordinating services across more than 25 countries. The IP services hub model provides Spruson & Ferguson's clients with the opportunity to deal with one organisation in filing and prosecuting patent and design applications across multiple jurisdictions rather than engaging with different providers in each country.

The Group's two IP service hubs are its Sydney and Singapore offices. The Sydney office acts as a hub for Australia, New Zealand, Papua New Guinea and the Pacific Islands while the Singapore office acts as a hub for Asia. The majority of professional work is undertaken for clients in the hub office. The hub office then deals directly with the IP office in its home market (and certain other jurisdictions) or works through selected agents in other countries.

From its two major offices, Spruson & Ferguson also provides services for local clients in relation to IP rights throughout the world, including via a broad network of foreign associates in countries outside of the Asia-Pacific region developed over many years.

Spruson & Ferguson operates two additional offices:

- the Kuala Lumpur office provides patent services within Malaysia including dealing directly with the Intellectual Property Corporation of Malaysia (MyIPO); and
- the Shanghai representative office promotes the Group's offering in China.

IPH believes that the IP service hub strategy has established a strong position for Spruson & Ferguson, particularly in the Asian market. The model provides its clients with what IPH believes to be a range of benefits, including allowing them:

- to engage the services of an established and experienced IP services firm where this may not otherwise be available in a particular country;
- to have patent applications handled by patent attorneys with recognised technical qualifications in the relevant field where this may not otherwise be available in a particular country;
- increased efficiency and cost reduction by providing a single set of instructions to one firm for multiple countries;
- access to long-standing and vetted relationships with local agents in Asian countries; and
- a simplified payment structure through dealing with one firm.

Utilising the hub model means that Spruson & Ferguson's geographic coverage is wide, as set out opposite.

Spruson & Ferguson's IP service hub model has been successful, particularly in Asia. Asian service charge revenue represented approximately 41% of Spruson & Ferguson's total service charge revenue in FY14, up from 36% in FY13. It is expected that Asia will contribute an increasing proportion of revenue and earnings with ongoing growth in these markets and Spruson & Ferguson's increasing market share. The success of the IP service hub model in Asia is demonstrated by the fact that the Group filed more patent applications with the Intellectual Property Office of Singapore than any other IP services firm in CY13 but also that, in the same period, it coordinated the filing of more applications in Asian countries outside of Singapore than it did in Singapore.

IPH believes that Spruson & Ferguson's IP service hub model in Asia provides it with a range of competitive advantages over other actual and potential competitors in the region in that it:



Chart 15: Spruson & Ferguson geographic coverage

Source: Spruson & Ferguson

- has a seventeen year history in the region;
- is able to leverage Spruson & Ferguson's brand, international client relationships, systems and processes;
- has an experienced management team and a large team of experienced and technically qualified patent attorneys which would be difficult for a competitor to replicate;
- is associated with Spruson & Ferguson in Australia and is therefore more likely to be given work from agents from the US, Europe or Japan than competitor firms from these markets that might look to establish a presence in the region; and
- has long-standing and vetted relationships with local agents in a range of Asian countries.

These competitive advantages provide significant barriers to entry in the Asian market.

3.5 Clients

Spruson & Ferguson has a diverse client base consisting of Fortune Global 500 companies and other multinationals, public sector research organisations, foreign associates and local clients. Geographically, the majority of the Group's clients is located in the USA, Europe and Japan.

Clients can be broadly divided into three groups:

- international corporates (Fortune Global 500 companies and other foreign multinational corporations);
- local clients (Australian and Singapore based corporates, public sector research institutions and individuals); and
- foreign associates (foreign IP and general law firms acting for their clients in offshore markets).

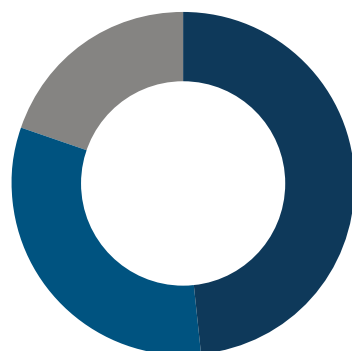
The majority of service charge revenue is sourced from foreign clients (i.e. those based outside of either Australia or Singapore), as set out in Chart 16 below:

Spruson & Ferguson has a range of large, blue-chip international clients. As at August 2014, the Group had active matters for over 125 Fortune Global 500 companies either directly or through foreign associates.

The Group has long term relationships with many of its clients. Of Spruson & Ferguson's top 20 clients in FY14, all had been clients for more than 10 years and 16 had histories with the Group of over 25 years. Spruson & Ferguson also has a highly diverse client base, having provided IP services to over 3000 clients in FY14. In FY14, no client represented more than 3% of service charge revenue and the top 20 clients represented approximately 22% of total service charge revenue.

Chart 16: Service charge revenue split FY14

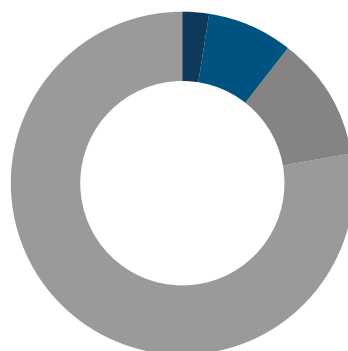
Source: Spruson & Ferguson



- Foreign Associate 48.5%
- Foreign Corporate 31.9%
- Local 19.6%

Chart 17: Total service charge revenue FY14

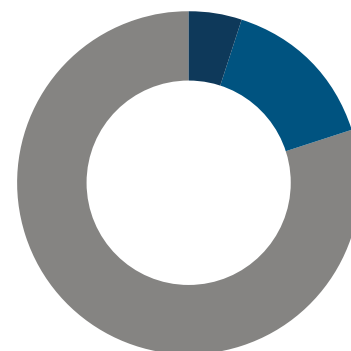
Source: Spruson & Ferguson



- Largest client 2.6%
- 2-5 clients 8.0%
- 6-20 clients 11.9%
- Other 77.6%

Chart 18: Client relationship history of top 20 clients FY14

Source: Spruson & Ferguson



- 10-14 years (1) 5%
- 15-24 years (3) 15%
- 25+ years (16) 80%

3 COMPANY OVERVIEW CONTINUED

3.6 Competitive Position

3.6.1 Australia

Patents and designs

Key competitors of Spruson & Ferguson in the Australian patents & designs business include:

- three other large IP services firms;
- smaller IP services firms;
- IP groups within general practice law firms; and
- PCT national phase entry service providers that assist clients entering the Australian national phase of PCT applications.

Measured by number of Australian patent applications filed at the Australian Patent Office (including all types of patent applications), Spruson & Ferguson has been one of the two leading firms in the Australian market since FY09 and was the leading firm in FY14 with a market share of approximately 11%. Together, the four leading firms in the market filed approximately 38% of total applications in FY14. The remainder of the market is considered relatively fragmented with a large number of smaller firms.

Trade marks

Competitors of Spruson & Ferguson in the Australian trade marks business include:

- other IP services firms;
- general practice law firms; and
- online based firms.

Measured by number of Australian trade mark applications filed at the Australian Trade Marks Office, Spruson & Ferguson has been the second leading firm in the Australian market since FY09. Together, the five leading firms in the market account for approximately 34%

Chart 19: Share of Australian patent applications filed

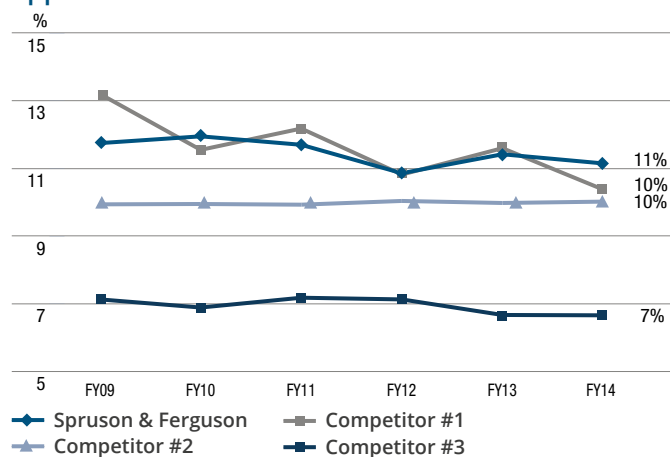


Chart 20: Share of Australian trade mark applications filed¹

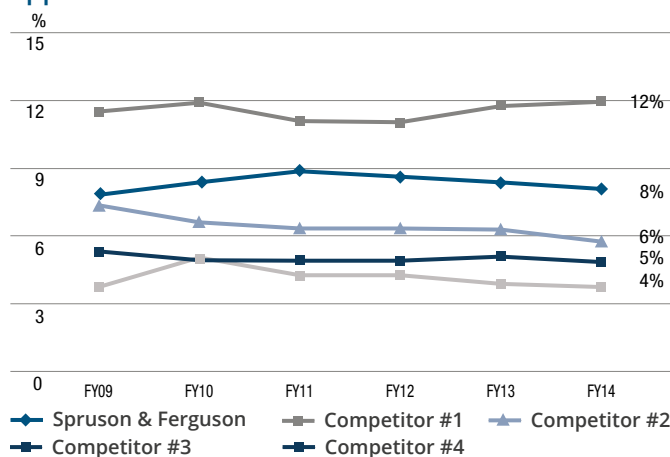


Chart 21: Share of Singapore patent applications filed

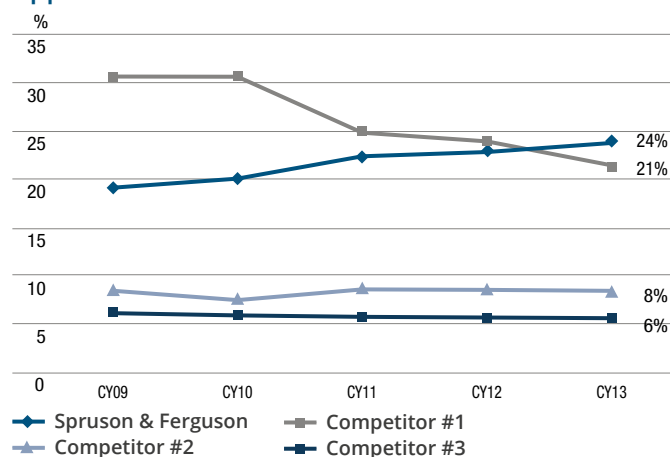
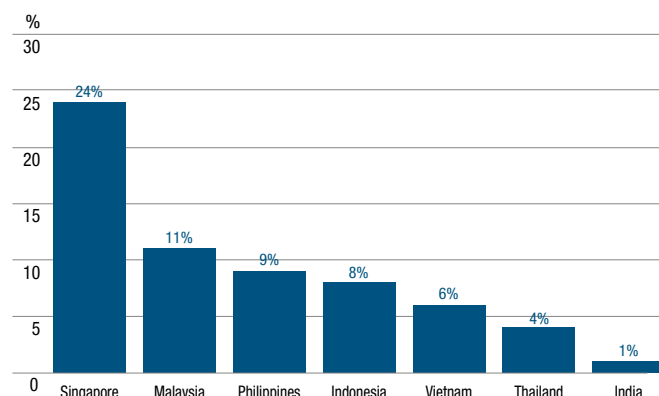


Chart 22: Asian market share – selected countries¹



of total applications filed by the top 50 agents (i.e., excluding those who file their own applications and agents outside the top 50). The remainder of the market is considered relatively fragmented with a large number of smaller firms.

Legal

Competitors of Spruson & Ferguson in its commercial legal advice and IP litigation practice include:

- IP groups within large general law firms;
- specialist IP law practices;
- specialist individuals at general practice law firms; and
- indirect competition through client in-house teams.

3.6.2 Singapore

Competitors of Spruson & Ferguson in Singapore include:

- a small number of international and local specialist IP services firms;
- IP groups within general practice law firms; and
- PCT national phase entry service providers that assist clients entering the Singaporean national phase of PCT applications.

Measured by number of Singapore patent applications filed at the Intellectual Property Office of Singapore, Spruson & Ferguson has been one of the two leading IP services firms in the market since CY09 and was the leading firm in CY13 with a market share of approximately 24%. This market share has grown over time, with the Group's market share in CY09 being approximately 19%. Together, the four leading firms in the market (one of which is a local specialist IP service firm, one of which is an international specialist IP service firm and one of which is a general local law practice) accounted for approximately 59% of total applications filed in CY13.

3.6.3 Rest of Asia

The IP markets in many Asian countries are much smaller and the professions are generally less developed than Australia or Singapore. Typically, competitors would include smaller specialist IP services firms and IP groups within general law or accounting practices.

Measured by number of patent applications filed in other Asian countries, Spruson & Ferguson has

much smaller market shares than in Australia or Singapore. This represents a key growth opportunity for the Group.

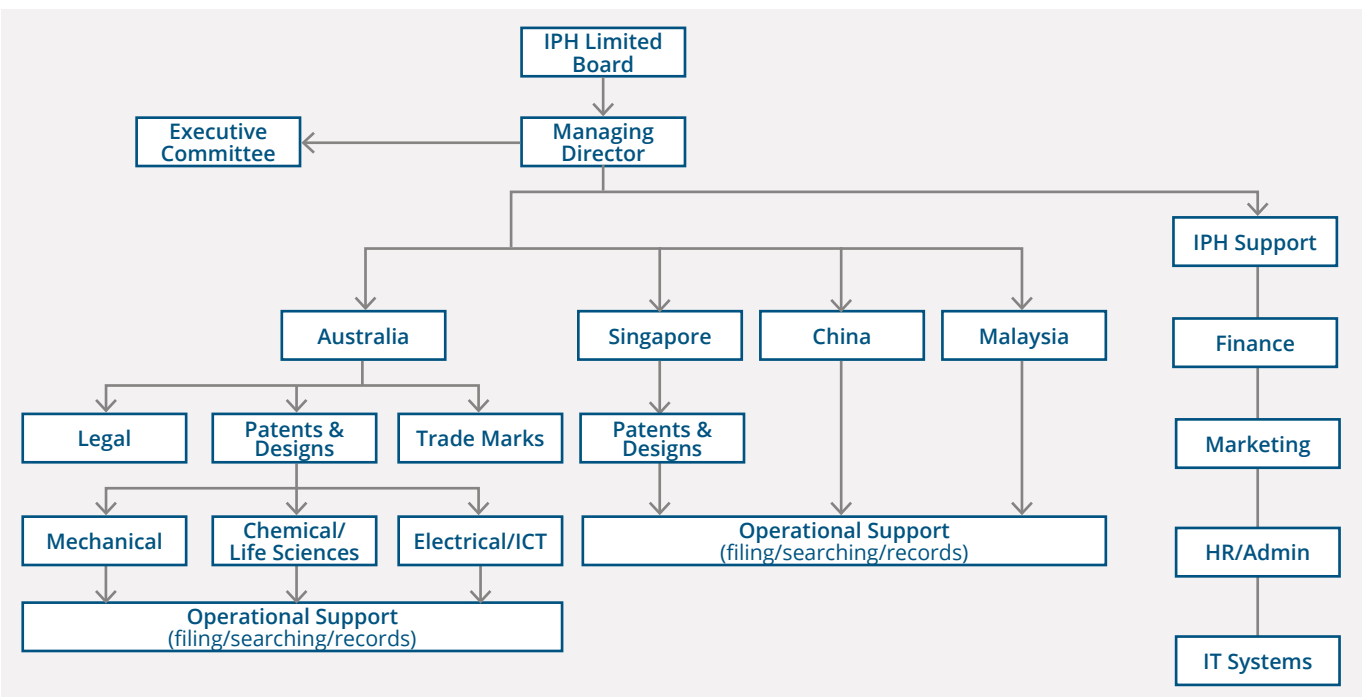
3.7 People

The Group's team includes approximately 300 people, including 85 professional staff across the patents and designs, trade marks and commercial legal advice and litigation teams. The Group's organisational structure on Listing is set out below:

IPH believes that the Group's multidisciplinary team includes some of the most highly regarded IP professionals in the Asia-Pacific region. The professional team comes from a range of professional backgrounds and all of the 85 professionals have University degrees or higher. There is a general bias towards professionals with technical abilities.

Spruson & Ferguson's professionals are led by its group of 21 Principals. These Principals manage the Group's professional practice across Australia and Asia and within their industry specialisations. The Principals will also sit on the Executive Committee which will assist the Managing Director

Chart 23: Organisational structure



Source: IPH

3 COMPANY OVERVIEW

CONTINUED

in running the business and in an advisory capacity.

A summary of the professional staff across Spruson & Ferguson is as shown in Chart 24 below:

The Group's professional staff are supported by over 150 operational support staff. There is a strong emphasis on systems and automation across the Group which allows procedural work to be performed by administration staff. This allows professional staff to concentrate on higher value add professional tasks.

At a corporate level, the Group has four groups employing 47 specialist staff responsible for finance, marketing, human resources and information technology.

3.8 IT systems

IPH believes that one of Spruson & Ferguson's key competitive strengths is its IT systems. At any time, the Group is providing a large number of services to a large number of clients and dealing with multiple external parties. IT is therefore a critical component of the business.

Spruson & Ferguson has developed systems that allow for automation and paperless processing across a number of its business areas and in interactions with third parties. This level of automation allows for an increased reliance on support staff and allows professional staff to focus more on clients than administration. The effective investment in IT is one reason IPH believes that Spruson & Ferguson has been able to sustain its margins over time.

Currently there are 14 people working within Spruson & Ferguson's IT department. There are two key internal systems operated within the Group. The document management system provides the ability to manage documentation electronically. The case and financial management system provides automation of many IP management processes including case management information, timesheets, billing and accounts receivable. Spruson & Ferguson's IT department has also developed many in-house software systems to supplement the third party document management and case management systems to further improve the efficiency and effectiveness of operations.

Spruson & Ferguson interacts electronically with key external parties such as IP offices, clients and currency providers. Changes in the international regulatory environment and how regulators operate are likely to increase the reliance on IT systems within the IP profession. For example, since June 2014, all communications with IP Australia, including filing of new applications have been required to be submitted electronically or by mail directly to IP Australia in Canberra, following decommissioning of IP Australia fax and state capital document lodgement facilities. Spruson & Ferguson has a history of such electronic interaction with IP offices. In 2012 the Group became the first in Australia to file applications with IP Australia electronically via IP Australia's fully electronic Business to Business (B2B) system utilising software developed in-house and it is still the leading user of the B2B system in the Australian market. Spruson & Ferguson also remains the only firm filing New Zealand PCT national phase patent applications via the Intellectual Property Office of New Zealand's equivalent B2B system.

The Group's IT team sits within IPH Services, a wholly owned subsidiary. There is the potential that this entity

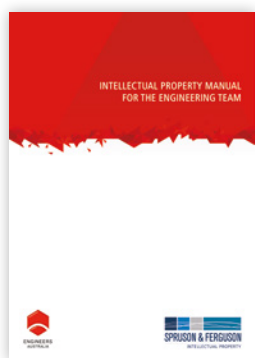
Chart 24: Summary of professional staff

Qualification	Australia	Asia	Comments
Professional Staff	54	31	All professionals have a University degree or higher. The majority of these degrees are in technical areas of expertise
Patent Attorneys	32	13	Patent attorneys are required to be registered in their jurisdiction of operation. The majority are registered in Australia or Singapore however there are also Chinese, European, UK, German, US, Malaysian, Japanese, South African and New Zealand qualified patent attorneys currently with the Group
Solicitors	16	0	There are no solicitors in the Asian business mainly because within Asia there is no trade marks or legal practice
Masters degree	28	12	The majority of these Masters degrees are in intellectual property with others in the science, engineering and legal fields
PhD	14	10	

Source: Spruson & Ferguson

Note:

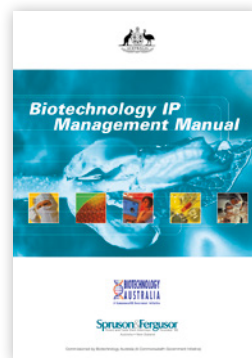
Professional staff may have more than one of the qualifications above.



Intellectual Property Manual for the Engineering Team
(SF and Engineers Australia)



Biotechnology Intellectual Property Management Manual
(SF, AusBiotech & Victorian Government)



Biotechnology IP Management Manual
(SF & Biotechnology Australia)



Intellectual Property Management: A practical guide for electrical and electronics related industries
(SF, AEEMA & 125 AusIndustry)

Source: Spruson & Ferguson

could provide outsourced services for IP services firms outside the Group in the future.

The Group's IT systems have been developed, and are maintained, for redundancy and rapid disaster recovery where feasible. Server hardware is built with redundancies incorporated and software infrastructure is virtualised such that it can be run on any hardware in the event of hardware failure. System performance is constantly monitored, allowing early detection of potential issues. Data is backed up regularly and stored off-site. The IT department maintains up to date formal disaster recovery plans to minimise the impact of any system failures on the ongoing operations of the Group.

3.9 Recognitions, awards and industry contributions

Spruson & Ferguson is consistently recognised as a leading IP services firm internationally. The latest survey published by the IP magazine, "Managing Intellectual Property" placed Spruson & Ferguson in the first tier for patent and trade mark prosecution services in Australia and Singapore, consistent with the Group's rankings in previous years.

The Group has authored a number of significant industry publications, some of which are shown above:

Many of Spruson & Ferguson's employees hold, or have held, senior positions within the IP industry:

- **David Griffith** is a past President and Fellow of IPTA (Institute of Patent and Trade Mark Attorneys of Australia), being the professional representative body for Australian patent and trade marks attorneys and is past President (Contact Commission) and Councillor of the Federation Internationale des Conseils en Propriete Industrielle (FICPI);
- **Robert Miller** was until recently Assistant Secretary General of AIPPI (International Association for the Protection of Intellectual Property). He is also a recipient of the association's Award of Merit;
- **Lee Pippard** serves as a councillor and is a past Group President of the Australian Group of APAA (Asian Patent Attorneys Association);
- **Greg Gurr** serves as a Councillor of IPTA and is a member of IP Australia's Patents Consultation Group;

- **Dr Andrew Blattman** is the Australian representative on the Biotechnology sub-committee of AIPPI;
- **Shahnaz Irani** is the only patent attorney on the Patents Working Group of Medicines Australia – the body representing the discovery driven pharmaceutical industry in Australia;
- **Tracey Berger** served on a number of INTA (International Trade Mark Association) committees and presently is a member of the Young Practitioners Committee;
- **Paul Massey** serves on the APAA Designs Committee;
- **Philip Heuzenroeder** is a member and President Elect of LESANZ (Licensing Executives Society Australia and New Zealand);
- **Kristian Robinson** is the President of the Association of Singapore Patent Attorneys, being the professional representative body for Singaporean patent agents, and is a member of the Singapore Patent Agent Qualifying Examination Board; and

A number of the Group's practitioners have also served as lecturers in post-graduate IP courses at the University of Technology, Sydney.

3 COMPANY OVERVIEW

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3.10 Strategy and growth opportunities

The Group's objective is to be recognised as a leading global firm for what it considers to be secondary markets for IP services, being those outside the world's core IP markets of the USA, Europe, Japan and South Korea. These include both mature, steady growth markets like Australia and New Zealand and emerging markets like those in Asia. IPH believes that IP protection is becoming increasingly important for multinational companies in these emerging markets as wealth and consumption increases and local manufacturing grows. In particular, the Group aims to continue its strategy of providing a "one stop" service across Asia. It believes that it will continue to have a leading presence in the mature Australian market and sees particular growth opportunities in a number of Asian countries which are growing at a greater rate than the Australian and New Zealand markets and in which the Group has the opportunity to significantly increase its market share.

Specific growth initiatives in the nearer term include:

Asian growth

Maintain market share growth in Singapore

Spruson & Ferguson accounted for approximately 24% of all Singapore patent applications filed with the Intellectual Property Office of Singapore in CY13. This share has grown steadily from approximately 19% in CY09 and the Group aims to continue this growth into the future.

Increase market share in other Asian countries

Through its IP service hub model, Spruson & Ferguson provides services in 18 other Asian countries outside Singapore. Spruson & Ferguson's market share in these markets is significantly less than in Singapore and IPH believes there is an opportunity for it to increase significantly.

Recommence trade marks practice

Following the buy-out of its business partner in Singapore, Spruson & Ferguson was precluded from providing trade marks services in Asia for a period of three years. This restriction expires in November 2015 and there is the opportunity to recommence a trade marks business in Asia at this time with the potential to leverage clients of both the Australian and Asian offices.

Leverage relationships in Asia and Australia

There is an ongoing opportunity for Spruson & Ferguson to leverage the relationships it has established with clients it is currently providing services for in either Asia or Australia in order to provide them with services across a wider number of jurisdictions. The Group can demonstrate historical success in this regard and aims to continue this in the future.

New Zealand

Spruson & Ferguson is currently the leading Australian firm in the New Zealand market and the fourth overall as measured by the number of patent applications filed at the Intellectual Property Office of New Zealand in FY14. IPH believes that the potential regulatory changes affecting Australia and New Zealand should give Spruson & Ferguson an opportunity to increase its New Zealand market share.

Efficiency gains

IPH believes Spruson & Ferguson has leading IT and IP case processing and management systems. Ongoing investment in IT has the potential to further improve margins and, potentially, allow the Group to provide "back-office" services to other IP services firms in the future.

Other secondary and emerging markets

Over the longer term, there is the potential to replicate Spruson & Ferguson's IP service hub model in Asia in other regions that have traditionally been considered secondary markets.

Acquisitions

Following the Offer, there is the potential opportunity to undertake acquisitions. The market beyond the largest IP services firms in Australia and Singapore is considered highly fragmented and IPH believes there may be opportunities to acquire smaller operators in these markets, New Zealand and potentially other Asian countries. There are potentially significant economies of scale in acquisitions given the quality of Spruson & Ferguson's IT and systems.



4

RISKS

4 RISKS

This section describes the potential risks associated with IPH's business and risks associated with an investment in Shares. It does not purport to list every risk that may be associated with an investment in Shares now or in the future, and the occurrence or consequences of some of the risks described in this section are partially or completely outside the control of IPH, its Directors and senior management team.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the date of this Prospectus, but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge.

Before applying for Shares, you should satisfy yourself that you have a sufficient understanding of these matters and should consider whether Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Shares, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

Prospective investors should be aware that this is not an exhaustive list of the risks associated with an investment in IPH and should be considered in conjunction with other information disclosed in this Prospectus. There can be no guarantee that IPH will achieve its stated objectives or that any forward looking statements or forecasts contained in this Prospectus will be realised or otherwise eventuate.

4.1 Specific risks

4.1.1 Competition

The sectors in which the Group 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. In particular, the number of patent attorneys registered in Australia has increased significantly over the last 15 years following reforms of the registration criteria for patent attorneys in 1996. There has been an increase of approximately 60% in the last 10 years, although the rate of increase has declined, with numbers increasing by only 17% in the last six years. The number of IP services firms in Australia has also increased as a result. Further increases in the number of patent attorneys registered in Australia, or the number of IP services firms, may represent an adverse change in the competitive landscape. Similarly, increases in the number of PCT national phase entry service providers may also represent an adverse change for the Group.

If the actions of competitors or potential competitors of the Group become more effective, its financial performance or operating margins could be adversely affected or the Group may be unable to compete successfully. For example, competitors of the Group might adopt more aggressive strategies to capture market share. Such occurrences may negatively affect the Group's future profitability, planned growth and market share.

The Group's competitive position may deteriorate as a result of factors including actions by existing competitors, the entry of new competitors, or a failure by the Group to continue to position itself successfully to meet changing market conditions, customer demands and technology. Any changes in the Group's competitive position or the competitive landscape may result in a decline in sales revenue and margins, which may have a material

adverse effect on its future financial performance and position.

4.1.2 Regulatory environment

The Group is subject to significant regulatory and legal oversight. Its business operations could be adversely affected by actions of various governments, both within Australia and internationally which would adversely affect the Group.

If a patent attorney, trade marks attorney, legal practitioner or other professional employed by the Group commits unsatisfactory professional conduct or professional misconduct, there is the potential for the relevant regulator to take disciplinary action against the individual, certain other patent attorneys, trade marks attorneys or legal practitioners employed by the Group or one of its entities. Disciplinary action may include suspension or deregistration of the individual patent or trade marks attorney or suspension and cancellation of the practising certificate of the individual legal practitioner and, in extremely serious circumstances, disqualification of the relevant Group entity, which may prevent the Group from operating in one of more or the jurisdictions in which it currently operates.

4.1.3 Regulatory reform

Changes in government legislation, guidelines and regulations applicable to patents, designs and trade marks could also adversely affect the Group. The regulatory risks set out below, each of which is relevant to areas in which the Group practises, are in the process of being implemented, are currently being discussed and negotiated, or may be contemplated in the future. This is not an exhaustive list of regulatory changes currently being discussed but these are the potential changes considered to be the most relevant to the Group. The full impact of some of these risks on the Group is not yet known.

Proposed Trans-Tasman Single Economic Market

As part of the establishment of a Trans-Tasman Single Economic Market agreed by Australia and New Zealand in 2009, a single Trans-Tasman regulatory regime for Australian and New Zealand patent attorneys and single application and examination processes for Australian and New Zealand patent applications is to be implemented.

The Group currently files separate patent applications in Australia and New Zealand and these are subject to separate examination. However once the single application and examination processes are implemented, applications for both countries will be able to be filed in a single transaction and one subsequent examination/prosecution process will apply for both applications, prior to the separate grant of national patents.

There is therefore a risk that New Zealand firms may take business away from the Group (in Australia and New Zealand) and there is an overall risk that the Group will generate lower revenues due to single filing and prosecution processes for both countries rather than separate processes for each country. This would negatively impact the Group. These risks may, however, be mitigated by the possibility of increased demand for joint Australian and New Zealand patent filings, particularly in respect of clients for whom the Group is already filing Australian applications.

Legislation is presently before the Australian Parliament (by way of the Intellectual Property Laws Amendment Bill 2014) and corresponding legislation is yet to be introduced to the New Zealand Parliament (by way of amendment to the New Zealand Patents Act 2013) to provide the necessary legal basis for the establishment of the Trans-Tasman Single Economic Model. There is currently no proposed implementation date for the Trans-Tasman Single Economic Model but the Group believes it is unlikely that

it will be implemented before 2016, due to the delay in legislation and development of process models and systems still required.

Electronic Patent Co-operation Treaty (e-PCT)

The e-PCT is a recently introduced WIPO online filing system that enables applicants to file PCT applications online. There is also a recently proposed concept for an extension of the e-PCT online filing system being considered that would include national phase entry filing.

The extension could allow national phase entry applications to be filed via the e-PCT online filing system. The initial concept proposes to allow the national phase to be filed either by the local agent, or potentially by the applicant or international agent filing the PCT application, without direct involvement of the local agent. If implemented, this model could impact the Group's national phase entry filing practice (where it receives instructions from clients or an agent to enter the national phase in countries in which it operates) and its revenue and billing model. Even if the concept is implemented with a model still requiring the direct involvement of the local agent in the national phase entry filing stage, there will likely be price pressure on the Group's national phase entry filing services.

A number of major issues with the concept were raised by a number of delegations at a WIPO meeting on the topic held in June 2014, particularly in relation to the role of the local agent and fee payments. Whilst the meeting agreed that the concept should be further developed, taking into account the issues raised, there is no planned implementation date and the timing of any form of implementation, if any, is uncertain.

Patent Prosecution Highway (PPH)

Over recent years, a common theme to many discussions between various national patent offices around the world has related to work-sharing arrangements to reduce duplication of examination work conducted by different patent offices and to

improve patent quality. One outcome of these discussions has been the development of various "Patent Prosecution Highway" programs. Several bilateral programs (including programs involving Australia and Singapore) have been in place since about 2008, and a new Global PPH (involving 17 national patent offices, including Australia but not Singapore) commenced in January 2014. Under current PPH programs, upon claims of a patent application being found allowable before one patent office, the examination of a corresponding application may be accelerated in the patent office of another country. The examination in the subsequent country typically uses the search and examination results from the first patent office as a starting point. IPH considers that the current PPH program models are unlikely to materially adversely impact the Group given that the Australian Patent Office, and various other national patent offices in the Asia-Pacific region, already give particular regard to foreign search and examination results when conducting their own examination.

World patent

For many years, there have been various discussions between WIPO members about the benefits of substantive harmonisation of patent application and examination processes for patents worldwide. A conceivable end result of full harmonisation could be the creation of a world patent. A world patent might allow applicants to file a single world patent application that, following examination by one authority, would result in the grant of a world patent (without the involvement of national patent offices) insofar as it is applied to any country that joined any new world patent treaty. The key benefit of a world patent would be a significant reduction of costs to patent applicants in gaining international rights across multiple jurisdictions.

Any move to full substantive harmonisation of patent applications and processes worldwide could

4 RISKS

CONTINUED

materially adversely impact the Group. However, the Group believes that the failure of attempts since the 1980s to harmonise substantive patent laws between countries has made it clear that competing national interests, varying needs of developed and developing countries from the IP system, the differing legal systems of different countries and the importance on sovereignty of IP laws and the granting of IP rights affecting any nation, means that the prospect of adoption and implementation of a world patent is very remote.

4.1.4 Personnel

The Group 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 Group. It may be difficult to replace those personnel, or to do so in a timely manner or at comparable expense. In particular, the Restructure and Listing will involve a change in the way that the Principals' remuneration is structured and in the way that the Group is governed, managed and operates.

Employee costs represent a significant component of the Group's total cost base and increases in staff numbers or salary levels, unless carefully managed, may have an adverse effect on the Group's cash flows and profitability.

4.1.5 Disintermediation

The Group acts as an intermediary agent between its clients and IP offices. This 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. The removal of intermediaries in the IP application and registration process, such as removal of the local IP agent as the intermediary between an applicant

and the local IP office, would materially impact the Group.

4.1.6 Case management and technology systems

The Group's internally customised systems represent an important part of its operations. Any interruption, loss of or delay of the Group's internet or communication facilities or transaction processing facilities, loss or corruption of data, failure of backup and restoration procedures or failure of disaster recovery plans, may impact the Group's short term financial position and may have a longer term impact on client satisfaction.

The Group's future success depends on the performance, reliability and availability of its information technology and communication systems. This includes its core technologies such as its computer servers and its back-end processing systems. These systems may be adversely affected by a number of factors including major events such as acts of terrorism or war, a breakdown in utilities such as electricity and fibre optic cabling and even pandemics. Notwithstanding the redundancies built into the Group's systems, events of that nature may cause one or more of those core technologies to become unavailable. There are also internal and external factors that may adversely affect those systems and technologies such as natural disasters, misuse by employees or contractors or other technical issues. The Group's disaster recovery plans may not adequately address every potential event and its insurance policies may not cover loss or damage that the Group suffers as a result of a system failure. Any damage to, or failure of, the Group's key systems can result in disruptions in the Group's ability to successfully file or prosecute applications for its clients, meet deadlines, or otherwise provide its service. This may potentially lead to the loss of clients' rights and reduce the Group's ability to generate revenue, impact consumer service

levels and damage the Spruson & Ferguson brand. This could adversely affect the Group's ability to generate new business and therefore cause to suffer financial loss.

4.1.7 Change in structure

Spruson & Ferguson's transition from an unlisted group of unit trusts and private companies to being held by IPH, a listed public company, will result in changes in the way the Group operates in respect of financial management and reporting, corporate governance and general operating requirements. An inability by the Group to adequately manage and resource this change in financial management and reporting, corporate governance and operations or to properly identify key compliance or commercial risks, may have a material adverse impact on the Group's business.

4.1.8 Concentration of shareholding

Following completion of the Offer, the Existing Owners will hold approximately 49.8% of the Shares. Accordingly, the Existing Owners will continue to be in a position to exert significant influence over the outcome of matters relating to IPH, including the election of Directors and the consideration of material Board decisions. Although the interests of IPH, the Existing Owners and other Shareholders are likely to be consistent in most cases, there may be instances where their respective interests diverge. The Existing Owners have entered into escrow arrangements in relation to all of their remaining Shares held at IPO, under which their Shares will be escrowed for up to 2 years from Listing.

The sale of Shares in the future by the Existing Owners (following expiry of the escrow period described in section 7.5), or the perception that such sales might occur, could adversely affect the market price of the Shares. Also, the concentration of ownership may affect the liquidity of the market for Shares on ASX,

limiting the likelihood of IPH's entry into relevant indices in due course (such as the S&P ASX 200) and contributing to a perception that the ownership structure is not conducive to a corporate control transaction involving IPH in the short to medium term.

4.1.9 Professional liability and uninsured risks

The provision of patent and trade marks services and legal advice by the Group gives rise to the risk of potential liability for negligence or other similar client or third party claims. Any such claims may cause financial and reputational damage to the Group which would adversely affect IPH. Although the Group maintains professional liability insurance to mitigate the financial risk, IPH's profitability may be adversely affected in the event that the insurance does not cover a potential claim (e.g., due to some disqualifying act of the personnel involved), the claim exceeds the coverage available or the deductible amount on numerous claims in a period is material. Further, the resulting creation of an adverse claims history may result in higher ongoing premiums for the Group, which would adversely affect its profitability.

4.1.10 Foreign exchange risk

The Group's financial reports are prepared in Australian dollars. However, a substantial proportion of the Group's sales revenue, expenditures and cash flows are generated in, and assets and liabilities are denominated in, Euros, Singapore and US dollars. Any adverse movements of Euros, Singapore or US dollars against the Australian dollar as well as other adverse exchange rate fluctuations or volatility, particularly during the period between when an invoice is issued and when payment is made, could have an adverse effect on the Group's future financial performance and position. The Group does not currently hedge against this currency risk.

Movements in foreign exchange rates could also impact the cost competitiveness of both the Group and its competitors. Any adverse movement in foreign exchange rates against the Group but to the benefit of its competitors could affect its ability to obtain business which could adversely impact the future financial performance of the Group. Movements in the exchange rate may also effect the decision of potential clients to enter certain markets and hence may affect the number of patent applications in that market.

4.1.11 Conflict of duties

In Australia, patent and trade marks attorneys (including the Group) are required to abide by a code of conduct that requires them to act in accordance with the law, in the best interests of their client, in the public interest and in the interests of the registered attorney's profession as a whole. Similar duties exist in respect of patent attorneys in Singapore. There may be circumstances in which the Group 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.

Further, in Australia, the Group has a legal practice in addition to its patent and trade mark operations. As with every Australian legal practice, the company and the solicitors undertaking work in the legal practice of the Group have duties to the court and duties to their clients. These duties prevail over IPH's duties to Shareholders. There may be circumstances in which the solicitors of the legal practice of the Group are required to act in accordance with their duties to the court or their duties to their clients and contrary to other corporate responsibilities and against the interests of Shareholders and the short term profitability of the Group.

4.1.12 Risks associated with the Restructure

Due to the familiarity that existing management has with the operations of Spruson & Ferguson, the Existing Owners and the Trustees have provided very limited warranties in connection with the interests and assets that each have surrendered and transferred, and will transfer, to IPH and Spruson & Ferguson Pty Limited under the Restructure. The Group may suffer loss as a result of the surrender and acquisition of these interests and assets for which it cannot recover under the Restructure, for example if the basis of the claim does not fall within any of the warranties in the contractual arrangements.

Further, as part of the Restructure Spruson & Ferguson Pty Limited has agreed to assume all liabilities of the business of the Spruson & Ferguson Trust and to indemnify the Trustees from all liabilities, actions, proceedings, accounts, claims or demands (and associated reasonable costs and expenses) relating to such assumed liabilities, except to the extent that they would not have been entitled to an indemnity under the Spruson & Ferguson Trust Deed as Trustees. The Group will be exposed to these liabilities.

The Group has obtained advice on the application of stamp duty and tax laws to the Restructure. There is a risk that the interpretation by a revenue authority of those laws is contrary to the Group's interpretation which may increase the amount of tax or stamp duty payable on the Restructure.

From time to time revenue authorities may review the treatment of the Restructure transactions entered into by the Group. Any actual or alleged failure to comply with, or any change in the application or interpretation of revenue laws applied in respect of such transactions, may increase its tax or stamp duty liabilities or expose it to legal, regulatory or other actions.

4 RISKS

CONTINUED

4.2 General risks

4.2.1 Acquisitions and investments by IPH may not be successful

IPH may acquire businesses from time to time. There can be no assurance that IPH will be successful in realising the anticipated benefits and synergies of any businesses that it acquires. The ability to realise these benefits will depend in part on whether IPH can efficiently integrate acquired businesses with its existing operations. The challenges of integrating and operating acquired businesses may be greater if IPH acquires businesses that provide services outside IPH's current geographic offering, particularly if it is unable to retain the acquired company's management. In addition, there is a risk that IPH will overestimate the value of acquired businesses and therefore overpay. These factors may adversely impact IPH's financial performance.

4.2.2 Brand and reputation risk

The reputation and branding of Spruson & Ferguson is an important factor in its success. Anything that diminishes Spruson & Ferguson's reputation or brand would likely be adverse to the Group. If such an event was widely publicised, the level of enquiries that the Group receives, including from its existing clients, may suffer, which in turn would adversely affect the Group's revenue, profitability and growth. The actions of the Group's employees, including breaches of the regulations to which the Group is subject or negligence in the provision of patents, trade marks or legal advice, may damage the Spruson & Ferguson brand which would, in turn adversely impact IPH.

4.2.3 Activity levels in key industry sectors may change

The Group's customer base is spread across numerous industry sectors including automobile, industrial, pharmaceutical, household consumables, food and beverage, telecommunications and technology,

government, and higher education. Any adverse developments which impact these industry sectors have the potential to in turn impact the demand for the Group's IP services, which could adversely impact the future financial performance of the Group.

4.2.4 Macro-economic risks

IPH's businesses are each exposed to changes in general economic conditions in Australia, Singapore and internationally. For example, adverse macroeconomic conditions such as economic recessions, downturns or extended periods of uncertainty or volatility, which may influence spending by the Group's clients to defer or cancel IP expenditure or lead to downward pricing pressure, may affect the Group's future financial performance and operating performance, the price of the Shares and the Group's ability to pay dividends.

4.2.5 Taxation

Changes to the rate of taxes imposed on Spruson & Ferguson or IPH (including in Singapore and other overseas jurisdictions in which IPH operates now or in the future) or tax legislation generally may affect IPH and its Shareholders. In addition, an interpretation of Australian taxation laws by the Australian Taxation Office that differs to IPH's interpretation may lead to an increase in IPH's taxation liabilities and reduction in Shareholder returns.

4.2.6 Australian Accounting Standards may change

Australian Accounting Standards are set by the AASB and are outside the control of either IPH or its Directors and management. The AASB is due to introduce new or refined Australian Accounting Standards during the period from 2014 to 2018, which may affect future measurement and recognition of key statement of profit and loss and balance sheet items, including revenue and receivables. There is also a risk that interpretations of existing Australian

Accounting Standards, including those relating to the measurement and recognition of key statement of profit and loss and balance sheet items, including revenue and receivables, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in IPH's consolidated financial statements.

4.2.7 General investment risks

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the price at which the Shares are being offered under this Prospectus. There is no assurance that the price of the Shares will increase following the quotation on the ASX, even if IPH's earnings increase. Some of the factors which may affect the price of the Shares include:

- fluctuations in the domestic and international market for listed stocks;
- general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices or changes to government fiscal, monetary or regulatory policies, legislation or regulation;
- inclusion in or removal from market indices;
- the nature of the markets in which IPH operates; and
- general operational and business risks.

Other factors which may negatively affect investor sentiment and influence IPH specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events.

A close-up, high-contrast image of a barcode. The vertical bars are black and white, creating a strong geometric pattern. At the bottom of the image, the numbers '2638' are visible, partially obscured by the barcode lines.

5

FINANCIAL INFORMATION

5 FINANCIAL INFORMATION

5.1 Introduction

This section contains a summary of the following historical and forecast financial information of IPH (together, the “Financial Information”).

The historical financial information comprises the:

- Pro forma historical consolidated income statements of the Group for the financial years ended 30 June 2013 (“FY13”) and 30 June 2014 (“FY14”), together with a reconciliation to the statutory consolidated income statements of the Spruson & Ferguson Trust for each year;
- Pro forma consolidated balance sheet of the Group as at 30 June 2014, together with a reconciliation to the statutory historical consolidated balance sheet of the Spruson & Ferguson Trust; and
- Pro forma consolidated historical cash flow statements of the Group for FY13 and FY14;

(together, the “Pro Forma Historical Financial Information”).

The forecast financial information comprises the:

- Pro forma and statutory forecast consolidated income statements of the Group for the financial year ending 30 June 2015 (“FY15”), together with a reconciliation between each income statement; and
- Pro forma and statutory forecast consolidated cash flow statements of the Group for the financial year ending 30 June 2015 (“FY15”), together with a reconciliation between each cash flow statement;

(together, the “Forecast Financial Information”).

The Financial Information has been reviewed by the Investigating Accountant, whose report is contained in section 8. Investors should note the scope and limitations of the report. The information in this section 5 should also be read in conjunction with the risk factors set out in section 4 and other information contained in this Prospectus.

Also summarised in this section are:

- the basis of preparation and presentation of the Financial Information (section 5.2);
- pro forma segment information of the Group for FY13, FY14 and FY15 (section 5.7);
- management discussion and analysis of the Pro Forma Historical Financial Information (section 5.8);
- the Directors’ best estimate assumptions underlying the Forecast Financial Information (section 5.9);
- an analysis of the sensitivity of FY15 pro forma forecast consolidated NPAT to changes in key assumptions (section 5.10);
- a summary of capitalisation and indebtedness before and after the Offer (section 5.11);
- description of the New Banking Facilities (section 5.12);
- liquidity and capital reserves (section 5.13);
- a summary of the Group’s foreign exchange hedging policy (section 5.14); and
- a summary of the Group’s dividend policy (section 5.15).

All amounts disclosed in the tables are presented in Australian dollars and unless otherwise noted, are rounded to the nearest \$100,000. Tables in this section have not been amended to correct immaterial summation differences that may arise from this rounding convention.

5.2 Basis of preparation and presentation of the Financial Information

The Financial Information included in this section has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations).

The significant accounting policies adopted in the preparation of the Financial Information are set out in Appendix A.

The Financial Information is presented in an abbreviated form and does not contain all of the disclosures, statements or comparative information required by Australian Accounting Standards applicable to financial reports prepared in accordance with the Corporations Act.

5.2.1 Preparation of Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared for inclusion in this Prospectus and has been derived from the audited historical consolidated financial statements of the Spruson & Ferguson Trust for FY14 (including FY13 comparatives). The historical consolidated financial statements of Spruson & Ferguson Trust for FY14 (including FY13 comparatives) were audited by Deloitte Touche Tohmatsu, which has issued an unqualified opinion.

The Pro Forma Historical Financial Information has been presented on a comparable basis to the Forecast Financial Information, and has been adjusted to include the impact of:

- the debt and equity structure of the business following Completion of the Offer;
- incremental costs of being a listed entity;

- the salaries, including annual and long service leave entitlements, of the Principals of the business;
- a short-term and long-term incentive plan which will be implemented following Completion of the Offer; and
- eliminating certain non-operating or non-recurring items.

The Spruson & Ferguson Trust has not historically been required by any regulatory authority to prepare and have audited, consolidated financial statements. Accordingly, the consolidated financial statements of the Spruson & Ferguson Trust for FY14 (including FY13 comparatives) represent the first year of preparation of audited consolidated financial statements prepared in accordance with Australian Accounting Standards. Comparable consolidated financial information for the financial year ended 30 June 2012 has not been presented in this Prospectus as the Directors do not believe that a reasonable basis exists to prepare such financial information given the differing financial year ends of Spruson & Ferguson Asia and the Spruson & Ferguson Trust during that period, the stepped nature of the acquisition of Spruson & Ferguson Asia that has occurred and the availability of certain financial data as a result.

The Group reported the operating activities and financial results of the business until 2 October 2014 when IPH, which was incorporated on 9 April 2014, became the parent company of the Group as a consequence of the Restructure. From 2 October 2014, IPH is the reporting entity. The substance of the Restructure has been evaluated in accordance with AASB 3 Business Combinations and it has been determined that the underlying substance of the consolidated group is unchanged. As such, the Restructure has no impact on the book value of net assets as recorded

prior to the Restructure. The transactions will be accounted for using the predecessor carrying values of the net assets of the Group at the time of the Restructure. Therefore the carrying value of the net assets will continue to be recorded at their book values as per the Group consolidated financial statements and the results of the Group will continue to be reported in a manner consistent with that recorded by the Spruson & Ferguson Trust. Refer to section 9.4 for a detailed description of the Restructure.

The Directors note that the accounting for transactions, such as the internal restructure referred to above and contemplated in connection with the Offer, is currently being reviewed by international standard setters, is subject to alternative interpretations and may be subject to change. The outcome of these deliberations, the timing of any decisions and whether any potential changes are retrospective or only prospective could mean that the financial reporting outcome may be different to that reported in this Prospectus. In the event that the transactions contemplated by the Offer were required to be recorded at fair value:

- the net assets of the Group would be increased to reflect the indicative market capitalisation as a result of the Offer (an increase of approximately \$330.9 million based on the Offer Price);
- the Directors estimate that the excess of the fair value (based on indicative market capitalisation) compared to the book value of net assets, if a purchase price allocation were required to be undertaken in the future, would primarily be allocated to customer relationships (estimated to be \$55-60 million), trade marks and business names (estimated to be \$25-30 million), software (estimated to be \$15-20 million) with any residual to goodwill. A deferred tax

liability would also be recognised representing the difference between the tax and accounting cost bases of the identified intangible assets (e.g. customer relationships and software); and

- to the extent that any of the excess was allocated to finite life intangible assets (customer relationships and software), NPAT would be impacted by the annual amortisation of these intangible assets, which the Directors have estimated to be approximately \$5-6 million per annum.

The precise impact of any acquisition accounting, if it were required to be applied in the future, cannot be determined at this time, as a formal purchase price allocation has not been carried out. Accordingly, the above estimates are preliminary indicative estimates only, which may change upon undertaking a formal purchase price allocation in the future.

The impact of acquisition accounting, should this subsequently be required, is non-cash in nature and will not impact future cash flows or the ability of the Group to pay future dividends, as the overall financial position of the parent entity, the Company, will be the determinant of whether or not dividends are able to be paid in future financial periods.

Investors should note that past results are not a guarantee of future performance.

5.2.2 Preparation of Forecast Financial Information

The pro forma forecast consolidated income and cash flow statements for the Group have been derived from the statutory forecast consolidated income and cash flow statements of the Group after adjusting for pro forma adjustments to reflect the Group's operations following Completion of the Offer as set out in this section.

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The pro forma forecast consolidated income statement, which is set out in section 5.3, differs from the statutory forecast consolidated income statement because the pro forma forecast consolidated income statement reflects the full year effect of the operating, debt and equity structure that will be in place upon completion of the Offer, but excludes costs directly attributable to the Offer and other non-recurring items which are not expected to occur in the future. Refer to section 5.6 for reconciliations between the statutory and pro forma Forecast Financial Information.

The Forecast Financial Information has been prepared by the Group based on an assessment of present economic and operating conditions and on a number of Directors' best estimate assumptions regarding future events and actions as set out in section 5.9. The Directors believe the best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information.

Presentation of the Directors' best estimate assumptions is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation

that the assumptions will occur. The Forecast Financial Information is not fact and investors are cautioned not to place undue reliance on it. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on the Group's actual financial performance, cash flows or financial position. Accordingly, neither IPH, the Directors, nor any other person can give investors any assurance that the outcomes discussed in the Forecast Financial Information will arise. Investors are advised to review the Forecast Financial Information and the Directors' best estimate assumptions set out in section 5.9, in conjunction with the sensitivity analysis set out in section 5.10, the risk factors set out in section 4 and other information set out in this Prospectus.

IPH has no intention to update or revise the Forecast Financial Information or other forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

5.2.3 Non IFRS financial measures

Investors should be aware that certain financial data included in this section 5 is "non-IFRS financial information" under Regulatory Guide 230 "Disclosing non-IFRS financial information" published by ASIC. The Company believes that this non-IFRS financial information provides useful information to users in measuring the financial performance and conditions of the Group. As non-IFRS measures are not defined by recognised standard setting bodies, they do not have a prescribed meaning. Therefore, the way in which the Group calculates these measures may be different to the way other companies calculate similarly titled measures. Investors are cautioned not to place undue reliance on any non-IFRS financial information and ratios.

In particular the following non-IFRS financial data is included:

- EBITDA – which means earnings before interest, taxation, depreciation and amortisation; and
- EBIT – which means earnings before interest and taxation.

5.3 Pro forma historical and forecast consolidated income statements

The table below sets out the summary of the Group's pro forma historical consolidated income statements for FY13 and FY14, and the pro forma and statutory forecast consolidated income statements for FY15.

Table 1 Summary of pro forma historical consolidated income statements and pro forma and statutory forecast consolidated income statements

Y/E 30 June (A\$m)	Note	Pro forma historical		Pro forma forecast	Statutory forecast
		FY13	FY14	FY15	FY15
Total revenue		74.2	79.2	82.8	82.8
Compensation		(25.8)	(25.9)	(27.2)	(26.8)
Recoverable expenses		(11.1)	(14.2)	(13.9)	(13.9)
Occupancy		(2.5)	(2.3)	(2.7)	(2.6)
Other		(6.2)	(6.8)	(6.0)	(9.1)
Total expenses		(45.6)	(49.2)	(49.8)	(52.4)
EBITDA	2,5	28.6	30.0	33.0	30.4
Depreciation and Amortisation		(1.3)	(0.8)	(1.3)	(1.3)
EBIT	2,5	27.3	29.2	31.7	29.1
Interest expense	3	(0.4)	(0.4)	(0.4)	(0.6)
Profit before tax		26.9	28.8	31.3	28.5
Tax expense	4	(6.6)	(6.9)	(7.5)	(5.3)
NPAT	1	20.3	21.9	23.8	23.2

Notes:

1. The reconciliation of the pro forma historical income statements to the statutory historical income statements, and the reconciliation of the pro forma forecast income statement to the statutory forecast income statement, are outlined in section 5.6.
2. Refer to section 5.2.3 for definitions of EBITDA and EBIT.
3. Interest expense – Prior to entering into the New Banking Facilities, the debt profile of the Group was reflective of the historical operating structure of the business. Pro forma historical interest expense has been adjusted to reflect the drawdowns (excluding drawdowns applicable for costs incurred after 30 June 2014 directly attributable to the IPO) and interest rates applicable under the terms of the New Banking Facilities following Completion of the Offer in FY15. It has been assumed that the debt profile and interest rates in FY15 were also applicable in FY13 and FY14.
4. Tax expense – Under the previous operating structure of the business, the Spruson & Ferguson Trust was not taxable in its own right. The pro forma historical tax expense has therefore been adjusted to reflect the post-Offer structure and tax profile of the Group, applied as if the same structure was in place in FY13 and FY14.
5. The primary reason for the lower FY15 statutory forecast EBITDA and EBIT compared to the FY15 pro forma forecast EBITDA and EBIT is the expensing of \$3.1 million of costs in relation to the Offer in the statutory forecast income statement. Refer to section 5.6 for a full reconciliation

5.3.1 Key operating metrics

Set out below is a summary of the Group's key pro forma historical operating metrics for FY13 and FY14, and the key pro forma and statutory forecast operating metrics for FY15.

Table 2 Summary of key pro forma operating metrics

		Pro forma historical			Pro forma forecast	Statutory forecast
Y/E 30 June	FY12	FY13	FY14	FY15	FY15	
Patent applications filed – Sydney office ¹	4,674	5,303	4,523	4,870	4,870	
Patent applications filed – Singapore office ²	4,662	5,056	5,263	5,680	5,680	
Trade mark applications filed – Sydney office	2,305	2,271	2,127	2,160	2,160	
Revenue growth (%)			6.7%	4.6%		
EBITDA growth			4.9%	10.1%		
EBITDA margin (% of revenue)		38.5%	37.8%	39.8%	36.7%	
EBIT growth			6.7%	8.6%		
EBIT margin (% of revenue)		36.8%	36.8%	38.2%	35.1%	
NPAT growth			7.7%	8.8%		

Notes:

1. All patent applications filed by the Sydney office either directly or indirectly through an agent, including through the Singapore office in the case of Asian applications.
2. All patent applications filed by the Singapore office either directly or indirectly through an agent, including through the Sydney office in the case of Australian, New Zealand and Papua New Guinea applications.

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5.4 Pro forma historical consolidated balance sheet

The table below has been extracted from the audited statutory consolidated balance sheet for the Spruson & Ferguson Trust as at 30 June 2014 and adjusted to reflect the impact of the Offer and the proposed new funding structure as if it was in place as at 30 June 2014.

The post-Offer pro forma historical consolidated balance sheet is provided for illustrative purposes and is not represented as being necessarily indicative of the Group's view on its future financial position.

Table 3 Pro forma historical consolidated balance sheet as at 30 June 2014

As at 30 June 2014, (A\$m)	Note	Statutory	Impact of the Restructure, Offer and the New Banking Facilities	Pro forma
Current Assets				
Cash and cash equivalents	1, 2	4.3	(7.5)	(3.2)
Trade and other receivables	2	20.3	0.7	21.0
Other current assets	2, 6	1.1	1.7	2.8
Total current assets		25.7	(5.1)	20.6
Non-current Assets				
Deferred tax assets	3	–	1.8	1.8
Intangible assets		0.6	–	0.6
Property, plant and equipment		1.1	–	1.1
Total non-current assets		1.7	1.8	3.5
Total assets		27.4	(3.3)	24.1
Current Liabilities				
Trade and other payables	2	6.4	0.8	7.2
Provisions	4	2.6	0.4	3.0
Loans and borrowings	1	2.5	(2.5)	–
Current tax liabilities		2.5	–	2.5
Other liabilities	6	9.3	(7.2)	2.1
Total current liabilities		23.3	(8.5)	14.8
Non-current Liabilities				
Loans and borrowings	1, 5	3.6	13.2	16.8
Provisions	4	0.4	0.1	0.5
Total non-current liabilities		4.0	13.3	17.3
Total liabilities		27.3	4.8	32.1
Net assets		0.1	(8.1)	(8.0)
Equity				
Issued capital	7	0.4	330.5	330.9
Reorganisation reserve	8	–	(318.8)	(318.8)
Minority interest acquisition reserve	9	(4.5)	(11.2)	(15.7)
Foreign currency translation reserve		(0.2)	–	(0.2)
Retained profits	10	3.9	(8.1)	(4.2)
Total Equity attributable to parent		(0.4)	(7.6)	(8.0)
Non-controlling interest	9	0.5	(0.5)	–
Total Equity	11	0.1	(8.1)	(8.0)

Notes:

- Cash and cash equivalents** – Adjustments due to the repayment of existing borrowings (\$6.1 million) upon drawdown of the New Banking Facilities and the payment of distributions to Existing Owners prior to the Offer, part of which (\$1.4 million) is funded by cash from operations. The net negative pro forma cash balance of \$3.2 million represents amounts that will be funded from cash generated from operations subsequent to 30 June 2014.
- Consolidation of Spruson & Ferguson Lawyers** – Adjustments reflect the inclusion of the assets and liabilities of Spruson & Ferguson Lawyers as if it were a wholly owned controlled entity at 30 June 2014. Spruson & Ferguson Lawyers has been a wholly owned controlled entity of Spruson & Ferguson Trust since 1 August 2014.

3. **Deferred tax assets** – Adjustment represents the recognition of deferred tax assets that arise as a result of the payment of IPO costs by the Group upon Completion of the Offer (\$0.8 million) and the first time recognition of deferred tax balances by the Group on completion of the Offer (\$1.0 million).
4. **Provisions** – Current and non-current Principal leave entitlements increase by \$0.5 million to reflect the increase in long service leave provisions following the increase in Principal post-Offer salaries to \$250,000 per annum.
5. **Loans and borrowings** – Adjustment represents the drawdown under the New Banking Facilities to pay distributions to Existing Owners prior to completion of the Offer and to repay existing borrowings (net \$14.0 million) and to pay \$2.8 million in costs associated with the Offer (\$2.8 million).
6. **Distributions to Existing Owners** – Adjustment represents distributions to Existing Owners prior to the Completion of the Offer, totalling \$15.4 million, representing the payment of undistributed profit entitlements in the Spruson & Ferguson Trust (\$8.8 million) at 30 June 2014 and retained profits of Spruson & Ferguson Asia and Spruson & Ferguson Malaysia of \$6.6 million which have been distributed by the Spruson & Ferguson Trust subsequent to 30 June 2014. Consistent with historical periods, amounts distributed to the Existing Owners include amounts collected and recognised as deferred income at 30 June 2014.
7. **Issued capital** – Increases by \$330.5 million to reflect the Offer (\$165.9 million, including shares issued to employees (\$0.1 million), shares issued to Directors (\$0.2 million)), shares issued to the minority shareholder in Spruson & Ferguson Asia (\$11.4 million), and shares held by the Existing Owners (\$153.3 million). The value of the New Shares issued under the Offer is based on the Offer Price.
8. **Reorganisation Reserve** – As described in section 5.2.1, the Restructure has been accounted for using the net asset carrying values of the Spruson & Ferguson Trust prior to the reorganisation. The difference between the fair value (based on the indicative market capitalisation) and the carrying values has been recognised as a reorganisation reserve for the purpose of this Prospectus to highlight the impact of maintaining the predecessor carrying values. In future reporting periods, Issued capital will be reported net of this amount.
9. **Minority Interest Acquisition Reserve** – Adjustment represents the difference between the amount paid on Completion of the Offer, to acquire the remaining 6.9% of Spruson & Ferguson Asia from the minority shareholder and the predecessor carrying values of Spruson & Ferguson Asia. Refer to section 9.4 for further details.
10. **Retained profits** – Adjustment reflects the costs associated with the Offer (\$2.8 million), the cost of shares issued to employees (\$0.1 million), the cost of shares issued to Directors (\$0.2 million), the distribution of earnings of Spruson & Ferguson Asia to Existing Owners (\$6.6 million), the recognition of incremental Principal long service leave liabilities of \$0.5 million, offset by the first time recognition of deferred tax balances and the tax benefit of future tax deductions on the Costs of the Offer (\$1.8 million), and the elimination of pre-acquisition retained earnings of Spruson & Ferguson Asia (\$0.4 million) on the acquisition of the remaining minority interest.
11. As a result of the accounting for the acquisition of the remaining interest in Spruson & Ferguson Asia and the Restructure (described in Note 8 and 9 above), whereby the predecessor net asset carrying values of the Group have been maintained, with the differences between the fair value and the predecessor carrying values have been presented as a reserve within Total Equity. This, combined with the fact that the Spruson & Ferguson Trust has historically distributed 100% of its income to unit holders in accordance with the Spruson & Ferguson Trust Deed, results in a pro forma negative "Total Equity" position.

5.5 Historical and forecast consolidated cash flow statements

The Group has a track record of strong cash flow generation, converting a high proportion of EBITDA to operating free cash flow after capital expenditure. The strong cash flow generation is underpinned by stable monthly cash outflows (predominantly compensation expenses) and low capital expenditure requirements. Capital expenditure is predominantly comprised of expenditure on information technology hardware and software.

Set out in the table below is a summary of the Group's pro forma historical consolidated cash flow statements for FY13 and FY14, and the pro forma and statutory forecast consolidated cash flow statements for FY15.

Table 4 Historical and forecast consolidated cash flow statements

Y/E 30 June (A\$m)	Notes	Pro forma historical		Pro forma forecast	Statutory forecast
		FY13	FY14	FY15	FY15
EBITDA	1	28.6	30.0	33.0	30.4
Non-cash movements	2	0.2	0.2	0.2	0.8
Change in working capital		(1.6)	1.8	(1.2)	(1.2)
Capital expenditure	4	(0.5)	(1.1)	(2.4)	(2.4)
Operating cash flow before financing activities and tax		26.7	30.8	29.6	27.6
Income taxes paid				(7.5)	(3.9)
Interest paid				(0.4)	(0.6)
Proceeds from New Bank Facilities				14.0	15.8
Repayment of existing bank facilities				(6.1)	(6.1)
Repayment of New Bank Facilities				(3.8)	(5.5)
Net operating cash flow before dividends				25.9	27.3
Dividends paid (including pre-Offer distributions)	3				(26.9)
Net cash flow					0.4

Notes:

1. Pro forma EBITDA has been adjusted to reflect the pro forma adjustments to the statutory historical results and statutory forecast results set out in section 5.6.
2. Represents sundry non-cash movements including share-based payments.
3. FY15 reflects the forecast interim dividend in respect of the period ended 31 December 2014 in accordance with the Company's dividend policy described in section 5.15 and, on a statutory basis, distributions payable to the Existing Owners of \$15.4 million prior to Offer date (as outlined in Note 6 to Table 6 above) and \$6.7 million on the Completion of the Offer.
4. The level of capital expenditure and development forecast in FY15 is not expected to continue at the same levels in subsequent years.

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5.6 Reconciliation of statutory and pro forma income statements and cash flow statements

Set out below is a reconciliation between the statutory historical and forecast consolidated NPAT to pro forma historical and forecast NPAT as well as a reconciliation between the statutory and pro forma forecast cash flow statements:

Table 5 Pro forma adjustments to the statutory historical and forecast consolidated income statements

Y/E 30 June (A\$m)	Note	FY13	FY14	FY15
Statutory NPAT		33.0	32.2	23.2
Adjustments:				
Principal salaries	1	(4.1)	(4.1)	(0.6)
Principal leave balances	2	(0.1)	0.7	0.4
Discontinued operations	3	(0.5)	–	–
ST and LT Incentive Plans	4	(0.9)	(0.9)	(0.2)
Shares issued to Directors	5	–	–	0.2
Incremental public company costs	6	(2.0)	(2.0)	(0.1)
IPO costs	7	–	0.4	2.9
Finance cost adjustment	8	–	(0.1)	0.2
Income tax adjustment	9	(5.1)	(4.3)	(2.2)
Pro forma NPAT		20.3	21.9	23.8

Table 6 Pro forma adjustments to the statutory forecast consolidated cash flow statement

Y/E 30 June (A\$m)	Note	FY15
Statutory net cash flow before dividends		27.3
Adjustments:		
Principal salaries	1	(0.6)
ST and LT Incentive Plan	4	(0.2)
Incremental public company costs	6	(0.2)
IPO costs	7	2.9
Finance cost adjustment	8	0.2
Tax payments	9	(3.5)
Pro forma net cash flow		25.9

Notes for tables 5 and 6:

- Principal salaries** – an adjustment has been made to reflect the agreed salary costs of the Principals associated with the Existing Owners during the historical period in line with the post-Offer structure. The FY15 adjustment represents the part period adjustment to reflect the post-Offer agreed salaries as if they were in place from 1 July 2014.
- Principal leave entitlements** – the adjustment eliminates the impact of the first time recognition of employee leave entitlements on the change in employment status of the Principals associated with the Existing Owners in FY14 and FY15 and includes the estimated movement in the leave provisions during the periods.
- Discontinued operations** – an adjustment has been made to exclude the historical earnings of the discontinued trade mark business of Spruson & Ferguson Asia, disposed of on 1 November 2012.
- Short and Long Term Incentive Plans and Retention Arrangements** – an adjustment has been made to include the estimated cost of amounts payable under the post-Offer corporate STI plan, based on a target payment level; share based payments to selected executives under the post-Offer corporate LTI plan, based on 50% payable under TSR hurdles and 50% according to achievement of an EPS hurdle; and bonus shares to be granted to two existing employees vesting over a three year period. The FY15 adjustment represents the part period impact as if the plans were in place from 1 July 2014.
- Shares issued to Directors** – an adjustment has been made for the cost of shares issued to Directors (\$0.2 million).
- Incremental public company costs** – an adjustment has been made to include the Group's estimate of the incremental annual costs that it will incur as a listed public company. These incremental costs include Director and executive remuneration, additional audit and tax costs, listing fees, share registry fees, directors' and officers' liability insurance premium, as well as annual general meeting and annual report costs. The FY15 adjustment represents the recognition of the full year effect of these costs.
- IPO costs** – total one-off costs directly attributable to the Offer are estimated at \$3.3 million, of which \$0.4 million was incurred and expensed in FY14. Certain costs attributable to the Offer which have been borne, or reimbursed, by SaleCo have not been reflected in the pro forma balance sheet.
- Finance cost adjustment** – an adjustment has been made to finance costs to reflect an interest expense commensurate with the post-Offer debt rates and amount under the New Banking Facilities, line fees and amortisation of loan establishment fees.
- Income tax adjustment** – includes an adjustment for the tax effect of the post-Offer structure and tax profile of the Group and the tax impact of the above items.

5.7 Segment information

Table 7 Revenue and EBITDA summary by region

Y/E 30 June (A\$m)	Pro forma historical		Pro forma forecast
	FY13	FY14	FY15
Revenue			
Australia	50.1	50.5	51.2
Asia	26.3	31.2	34.4
Intercompany elimination	(2.2)	(2.5)	(2.8)
Total revenue	74.2	79.2	82.8
EBITDA			
Australia	18.4	16.3	17.8
Asia	10.2	13.7	15.2
Total EBITDA	28.6	30.0	33.0
EBITDA margin (% of revenue)			
Australia	36.7%	32.2%	34.8%
Asia	38.8%	43.9%	44.1%
Total EBITDA	38.5%	37.8%	39.8%

5.8 Management discussion and analysis of Pro Forma Historical Information

This section 5.8 sets out a discussion of the main factors which affected the Group's operations and relative performance in FY13 and FY14, and which may continue to affect it in the future. The discussion of these factors is intended to provide a brief summary only and does not detail all factors that affected the historical operations and financial performance, nor everything which may affect the future operations and financial performance.

Table 8 Summary pro forma consolidated income statement FY14 compared to FY13

Y/E 30 June (A\$m)	FY13	FY14	Change (%)
Total revenue	74.2	79.2	6.7%
Compensation	(25.8)	(25.9)	0.2%
Recoverable expenses	(11.1)	(14.2)	28.0%
Occupancy	(2.5)	(2.3)	(6.6%)
Other	(6.2)	(6.8)	9.8%
Total expenses	(45.6)	(49.2)	7.9%
EBITDA	28.6	30.0	4.9%
Depreciation and Amortisation	(1.3)	(0.8)	(35.1%)
EBIT	27.3	29.2	6.7%
Interest	(0.4)	(0.4)	(5.1%)
Profit before tax	26.9	28.8	6.9%
Tax	(6.6)	(6.9)	4.2%
Profit after tax	20.3	21.9	7.7%

5.8.1 Revenue

Total revenue is comprised of service charge revenue, expense recovery revenue and other revenue.

Service charge revenue is derived from providing professional services to clients across all stages of the IP lifecycle, including the filing phase, prosecution phase and renewal phase as discussed in section 3.3.

An indicator of service charge revenue is the number of applications filed. This is not necessarily reflective of earnings in a particular year, however, as the Group can earn revenue from before an application is filed up to its final renewal, which can be up to 20 years in the case of patents and indefinite in the case of trade marks. The Group therefore has a large portfolio of patents and trade marks at various stages of the IP lifecycle that will reflect applications filed in previous years, as set out in section 3.3.2.

In addition, the Group also provides other advisory services to its clients in relation to their IP rights and in advising in relation to the IP rights of their competitors. Spruson & Ferguson Lawyers provides commercial legal advice and IP litigation services. This is set out in section 3.3.5.

The Group's services are primarily charged on the basis of an hourly rate, fixed price or a combination of both. Pricing is task-based and the Group maintains a scale of charges in Australian dollars, Singapore dollars, US dollars, Euros and Malaysian ringgit. In some cases, the Group will enter into a project based fixed price arrangement with its clients.

Expense recovery revenue is lower margin revenue derived from recharging recoverable expenses that the Group incurs in providing professional services including foreign agent fees, barrister fees and expert opinions.

Other income includes commission income from renewals processed by a third party renewals service provider, net foreign exchange gains and income from Singapore government grants.

Group revenue grew by 6.7% in FY14 to \$79.2 million.

Asian revenue increased by 18.6% to \$31.2 million and in constant currency (i.e. the percentage growth in revenue denominated in Singapore dollars) it increased by 7.8%. Key factors affecting Asian revenue in FY14 included:

- the number of patent applications filed increased by 4.1% to 5,263, following an increase of 8.5% in FY13. The majority of FY14 growth was driven by filings outside of Singapore. Singapore filings increased by 1.1% and other Asian filings increased by 6.7%; and
- average prices increased as a result of a reduction in the discounting of scheduled fees.

Australian revenue increased by 0.9% to \$50.5 million. Key factors affecting Australian revenue in FY14 included:

- the number of patent applications filed in FY14 decreased by 14.7% to 4,523 following a 13.5% increase in FY13. This generally reflected the market trend in Australian patent applications over this period (see section 2.3.1) and is largely the result of the impact of the Intellectual Property Laws Amendment (Raising the Bar) Act 2012 that came into effect in April 2013. This change in legislation resulted in a number of Australian patent applications that would ordinarily have been filed in FY14 instead being filed early in FY13, so they could be processed under the previous legislation. The Group expects to see the impact of the increase in filings in FY13 on the subsequent prosecution and renewal phases over the next one to four years;

- the number of examination requests filed in FY14 decreased by 73.8% which again reflected the impact of the Intellectual Property Laws Amendment (Raising the Bar) Act 2012; and
- expense recovery revenue increased by 37.8%, primarily as a result of the increased use of foreign agents, barristers and expert witnesses.

Revenue for the Asian business includes \$0.9 million in intercompany revenue (FY13: \$0.6 million) and revenue for the Australian business includes \$1.6 million in intercompany revenue (FY13 \$1.6 million) which is eliminated on consolidation.

5.8.2 Operating expenses

Adjustments in the Pro Forma Consolidated Income Statement have been made to include the incremental costs of being a stand-alone listed entity. These costs include the remuneration of the Principals associated with the Existing Owners, Directors' remuneration, directors' and officers' liability insurance premiums, additional audit and tax costs.

Operating expenses have been categorised as follows:

- Compensation – salaries, wages and other employment related costs for the Principals, other professional staff, operational staff, corporate staff and executive management who are employed by the Group;
- Recoverable expenses – include payments to foreign agents that lodge applications in countries outside of those countries in which the Group acts directly before the national IP office and fees paid to barristers and other experts;
- Occupancy – rent and other occupancy related costs for premises that are leased and occupied by the Group;
- Other expenses – includes Director's Fees, audit and tax fees, bad and doubtful debts, utilities, marketing, insurance, IT, and general and administrative expenses.

Total operating expenses increased by 7.9% to \$49.2 million in FY14. Key factors affecting operating costs in FY14 include:

- Compensation costs increased by 0.2% to \$25.9 million. In Australia annual salary increases were partially offset by savings resulting from a reduction in headcount due to operational efficiencies and the capitalisation of IT systems development costs that did not meet the criteria for capitalisation in FY13. In Asia compensation costs were relatively flat in constant currency however were higher in Australian dollars;
- Recoverable expenses increased by 28.0% to \$14.2 million due to increased use of foreign agents, barristers and expert witnesses. The use of barristers by Spruson & Ferguson Lawyers is considered to be high versus historical experience;
- Occupancy costs decreased by 6.6% to \$2.3 million primarily due to a reduction in floor space leased in Sydney and favourable market review of the Sydney lease; and
- Other expenses increased by 9.8% to \$6.8 million due to an increase in the provision for doubtful debts.

5.8.3 EBITDA and EBIT

As a result of the changes in revenue and operating expenses discussed above, EBITDA grew 4.9% to \$30.0 million in FY14. The Group EBITDA margin was slightly down at 37.8%. In Australia, EBITDA decreased by 11.4% primarily due to the impact of the Intellectual Property Laws Amendment (Raising the Bar) Act 2012. In Asia, EBITDA increased by 34.3% (22.0% in constant currency) due to improved revenues, stable compensation and operating efficiencies.

Depreciation and amortisation charges reduced by 35.1% to \$0.8 million in FY14 as a number of fixed assets in Asia were fully depreciated in the previous year. As a result, Group EBIT grew 6.7% to \$29.2 million in FY14.

5.9 Directors' best estimate assumptions underlying the Forecast Financial Information

The Forecast Financial Information is based on various best estimate assumptions, of which the main general and specific assumptions are summarised below. These assumptions do not represent all factors that will affect the Group's forecast financial performance. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. It should be read in conjunction with the basis of preparation of the Forecast Financial Information set out in section 5.2, the general and specific assumptions set out below and the risk factors set out in section 4.

5.9.1 General assumptions

In preparing the Forecast Financial Information, the following general best estimate assumptions have been adopted:

- no material change in the competitive operating environment in which the Group operates;
- no significant deviation from current market expectations of global, Australian, New Zealand or Asian economic conditions relevant to the Group;
- no material changes in any government legislation or regulation (including tax legislation), or government policy that has a material impact on financial performance or cash flows, financial position, accounting policies, or licensing requirements of the Group, or its ability to earn income from clients including in jurisdictions where it is not licensed and does not actively market;
- no material changes in key personnel and the Group maintains its ability to recruit and retain the personnel required to support future growth;

- no significant interruptions are experienced in relation to the technology, platform or websites utilised by the Group;
- no material changes in applicable Australian Accounting Standards or other mandatory professional reporting requirements of the Corporations Act which have a material effect on the Group's financial performance, financial position, accounting policies, financial reporting or disclosure during the forecast period;
- no material industry disturbances, environmental costs, contingent liabilities or legal claims will arise or be settled to the detriment of the Group;
- no material acquisitions, divestments, restructuring or investments other than as set out in, or contemplated by, this Prospectus;
- no material changes to the Group's corporate or funding structure other than as set out in, or contemplated by, this Prospectus;
- no material disruptions to the continuity of operations of the Group nor other material changes in its business activities;
- no material amendment to or termination of any material agreement, contract or arrangement other than set out in, or contemplated by, this Prospectus;
- none of the risks listed in section 4 eventuate, or if they do, none of them has a material adverse impact on the operations of the Group;
- foreign exchange rates are forecast to remain consistent. Key exchange rates used by the Group's management are 1.19 Singapore dollar, 2.98 Malaysian ringgit and 0.925 US dollar to one Australian dollar respectively; and
- the Offer proceeds in accordance with the timetable set out on page 4 of this Prospectus.

5 FINANCIAL INFORMATION

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5.9.2 Specific assumptions

The Forecast Financial Information has been prepared, having regard to the current trading performance of the Group up until 31 August 2014.

Table 9 sets out the summary pro forma consolidated income statements for FY14 and FY15.

Table 9 Pro forma consolidated income statement: FY15 compared to FY14

Y/E 30 June (A\$m)	FY14	FY15	Change (%)
Total revenue	79.2	82.8	4.6%
Compensation	(25.9)	(27.2)	5.2%
Recoverable expenses	(14.2)	(13.9)	(2.3)%
Occupancy	(2.3)	(2.7)	13.6%
Other	(6.8)	(6.0)	(10.7)%
Total expenses	(49.2)	(49.8)	1.2%
EBITDA	30.0	33.0	10.1%
Depreciation and Amortisation	(0.8)	(1.3)	65.6%
EBIT	29.2	31.7	8.6%
Interest	(0.4)	(0.4)	(1.9)%
Profit before tax	28.8	31.3	8.7%
Tax	(6.9)	(7.5)	8.3%
Profit after tax	21.9	23.8	8.8%

Note:

The pro forma historical results are reconciled the statutory historical results in section 5.6.

Revenue

Group revenue is forecast to increase by 4.6% to \$82.8 million.

Asian revenue is forecast to increase by 10.2% to \$34.4 million and in constant currency the revenue is forecast to increase by 13.3%. Key factors forecast to affect Asian revenue include:

- the number of patent applications filed is forecast to increase by 7.9% to 5,680 reflecting historical growth rates and the increased focus on Asian countries outside of Singapore consistent with the Asian IP hub model as discussed in section 3.4;
- increased prosecution phase revenue following historical increases in the number of applications filed; and
- specific increased prosecution phase revenue for Singaporean patent applications reflecting the Singapore patent system moving to a full examination system as a result of recent amendments to the Singapore Patents Act.

Australian revenue is forecast to increase by 1.4% to \$51.2 million. Key factors forecast to affect Australian revenue include:

- the number of patent applications filed is forecast to increase by 7.7% to 4,870, generally reflecting a reversion to historical market trends for Australian patent applications taking into account the effect of the Intellectual Property Laws Amendment (Raising the Bar) Act 2012 in FY13 as described in section 2.3.1 above;
- increased prosecution phase revenue as a result of more rigorous examination of Australian patent applications, and an increased number of examination requests following the FY14 decrease, as a result of the Intellectual Property Laws Amendment (Raising the Bar) Act 2012; and
- offsetting this, expense recovery revenue is forecast to decrease by 8.1% as certain one-off expense recoveries in FY14 are not forecast to reoccur in FY15.

Operating expenses

Operating expenses are forecast to increase by 1.2% to \$49.8 million. This increase assumes that:

- compensation is forecast to increase by 5.2% to \$27.2 million due to a moderate increase in average wages in Asia and Australia and additional headcount in Asia to support growth in the region. This increase is expected to be partly offset by a reduction in support staff in Australia due to increased operational efficiencies;
- recoverable expenses are forecast to decrease by 2.3% to \$13.9 million as certain costs incurred in FY14, particularly barrister fees, are not forecast to be as high in FY15;
- occupancy is forecast to increase by 13.6% to \$2.7 million primarily due to a new lease being signed for the Group's premises in Singapore and the full year impact of the Shanghai office rental which was opened in December 2013;
- other operating expenses are expected to decrease by 10.7% to \$6.0 million due to reduction in doubtful debts expense.

EBITDA

As a result of the forecast changes in revenue and operating expenses discussed above, EBITDA is forecast to increase by 10.1% to \$33.0 million in FY15. The Group EBITDA margin is forecast to increase to 39.8%. In Australia, EBITDA is forecast to increase by 9.2% as the market reverts to a normal trend post the impact of the Intellectual Property Laws Amendment (Raising the Bar) Act 2012. In Asia, EBITDA is forecast to increase by 10.9% (14.0% in constant currency) due to improved revenues somewhat offset by higher compensation and occupancy costs.

Depreciation and amortisation

Depreciation and amortisation is forecast to increase by 65.6% to \$1.3 million. This is due to an increase in the level of capital expenditure in FY14 and FY15, predominantly on information technology hardware and the development and purchase of software. The level of capital expenditure and development forecast in FY15 is not expected to continue at the same levels in subsequent years.

Interest expense

Pro forma interest expense is forecast to be \$0.4 million in FY15 based on the debt and equity structure post Completion of the Offer as set out in the pro forma consolidated financial position of the Group in section 5.4, which incorporates the New Banking Facilities set out in section 5.12. The interest expense forecast assumes \$14 million is drawn down from the Facilities as set out in section 5.4 at an effective interest rate of approximately 4.2%.

Tax expense

Income tax expense of \$7.5 million has been forecast in FY15 based on an effective tax rate of 23.9%, reflecting the current corporate income tax rate in Australia in FY15 of 30% and the current income tax rate in Singapore in FY15 of 17%. Income tax expense has been adjusted to reflect the tax effect of the pro forma adjustments made to the Forecast Financial Information.

Capital expenditure

Capital expenditure is forecast to increase to \$2.4 million in FY15. This reflects the continued investment in the Group's technology and operating systems to support the future growth in the business and to drive process improvements and efficiencies. The level of capital expenditure and development forecast in FY15 is not expected to continue at the same levels in subsequent years.

5.10 Sensitivity analysis

The Forecast Financial Information is based on a number of estimates and assumptions as described in section 5.9. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Group, the Directors and Management. These estimates are also based on assumptions with respect to future business decisions, which are subject to change.

Set out below is a summary of the sensitivity of certain FY15 Forecast Financial Information to changes in a number of key variables. The changes in the key variables as set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced.

Care should be taken in interpreting these sensitivities. In order to illustrate the likely impact on the Forecast Financial Information, the estimated impact of changes in each of the assumptions has been calculated in isolation from changes in other assumptions and assumes a full year impact. In practice, changes in assumptions may offset each other or be additive, and it is likely that the Group's management would respond to any changes in one item to seek to minimise the net effect on the Group's EBITDA and cash flow. In particular, the sensitivities to movements in exchange rates may be dynamically managed by the Group in a number of ways which may include entering into hedging contracts and/or modifying the Group's schedule of rates.

5 FINANCIAL INFORMATION

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For the purpose of the analysis below, the effect of the changes in key assumptions on the FY15 forecast pro forma EBITDA of \$33.0 million is set out below.

Table 10 Sensitivity analysis on pro forma forecast EBITDA for FY15

Assumptions	Increase/ (decrease)	FY15 pro forma EBITDA impact (\$ million)
Change in service charge revenue	1.0%/(1.0)%	0.6/(0.6)
Change in number of patent applications filed	1.0%/(1.0)%	0.2/(0.2)
Change in compensation expense	1.0%/(1.0)%	(0.3)/0.3
Change in A\$/SGD\$ exchange rate	1 cent/(1) cent	(0.1)/0.1
Change in A\$/US\$ exchange rate	1 cent/(1) cent	(0.5)/0.5

5.11 Capitalisation and indebtedness

The table below sets out:

- consolidated cash, current loans and borrowings, and total capitalisation of the Group as at 30 June 2014; and
- consolidated cash, current loans and borrowings, non-current loans and borrowings, and total capitalisation of the Group as adjusted after giving effect to the impact of the Offer and New Bank Facilities as if the transaction had occurred on 30 June 2014.

Table 11 Pro forma consolidated indebtedness of IPH as at 30 June 2014

As at 30 June 2014 (A\$m)	Statutory	Pro forma
Cash and cash equivalents	(4.3)	3.2
Current loans and borrowings	2.5	–
Non-current loans and borrowings	3.6	16.8
Other liabilities	7.2	–
Total indebtedness	9.0	20.0
Issued capital	0.4	330.9
Reserves	(4.8)	(334.8)
Retained profits	3.9	(4.1)
Non-controlling interest	0.5	–
Total equity	0.1	(8.0)
Total capitalisation and indebtedness	9.1	12.0

Note:

The pro forma net negative cash balance represents amounts that will be funded from cash generated from operations subsequent to 30 June 2014.

Note:

The overall financial position of the parent entity, the Company, will be the determinant of whether or not dividends are able to be paid in future financial periods, therefore the negative equity presented above for the Group will not impact the ability to pay dividends in the future.

5.12 Description of the New Banking Facilities

On 25 August 2014 Australia and New Zealand Banking Group Limited (“**Lender**”) executed a senior facility agreement in favour of certain members of the Group including the Company (“**New Banking Facilities**”).

The borrowers under the New Banking Facilities are the Company, Spruson & Ferguson Pty Limited and Spruson & Ferguson (Asia).

Under the New Banking Facilities the Lender has agreed to make available a term loan facility for an amount of up to \$30 million (“**Term Loan Facility**”) and a bank guarantee facility for up to \$2 million. The Term Loan Facility has a term of three years. Drawings under the Term Loan Facility may be made in Australian dollars and Singapore dollars.

Following the IPO the New Banking Facilities will be supported by security granted by each of the Company, Spruson & Ferguson Pty Limited and Spruson & Ferguson (Asia).

Funding provided under the Term Loan Facility has been used to pay distributions owed to the Existing Owners up to the period prior to the IPO. Additional amounts will be used for working capital and general corporate purposes. The Lender advanced \$14 million under the Term Loan Facility on 26 August 2014.

The availability of the additional amount of \$16 million under the Term Loan Facility is subject to various conditions precedent (including completion of the IPO and repayment of all amounts owing under a unitholder contribution facility provided by the Lender). It is proposed the unitholder contribution facility will be repaid following the completion of the Offer.

The New Banking Facilities contains representations, warranties and undertakings typical to facilities of this nature including negative covenants, reporting covenants and indemnification provisions in events of default. Typical restrictions also apply to the grant of security over Group assets, distributions, acquisitions and disposals in relation to the Group.

5.13 Liquidity and capital reserves

Following Completion of the Offer, the Group’s principal sources of funds will be cash flow from operations and borrowings under its New Banking Facilities as described in section 5.12.

The Group expects that it will have sufficient cash flow from operations to meet its operational requirements and business needs during the forecast period. The Group expects that its operating cash flows, together with borrowings under its New Banking Facilities, will position the Group to grow its business in accordance with the Forecast Financial Information.

5.14 Foreign exchange hedging policy

A significant proportion of revenue in both the Australian and Asian businesses is charged in currencies other than Australian dollars and Singapore dollars, including US dollars and Euros. In addition, a proportion of expenses in both the Australian and Asian business are incurred in currencies other than Australian dollars and Singapore dollars, including US dollars and Euros. The net foreign exchange exposure to the currencies is not hedged.

The profit & loss of Spruson & Ferguson (Asia) is recorded in Singapore dollars and converted to Australian dollars at the average exchange rates for the period. This translation risk is unhedged.

The Board will periodically review the foreign exchange hedging policy.

5.15 Dividend policy

Subject to the financial forecasts being achieved and other relevant factors, the Directors intend to declare dividends for FY15 of \$16.4 million or 10.4 cents per Share payable as an interim dividend for the period from 2 October 2014 to 31 December 2014 and a final dividend for the period ending 30 June 2015. The forecast FY15 annualised dividend yield is 6.4% based on the Offer Price per Share of \$2.10. It is expected that the FY15 dividends will be between 65% and 75% franked.

Beyond the forecast period, the Board is targeting a dividend payout ratio of between 80% to 90% of net profit after tax and to frank and impute dividends to the greatest extent possible.¹ The Directors can provide no guarantee as to the future dividend policy, the extent of future dividends or the level of franking or imputation of such dividends, as these will depend upon the future profits of IPH, the contribution of profits from outside Australia and the Company’s financial and taxation position at that time.

Note:

- ¹ This is not intended to be a forecast or guarantee of dividend payouts. It is merely an indication of IPH’s objectives. IPH may not be successful in achieving its objectives. Returns are not guaranteed.

6

KEY PEOPLE, INTERESTS AND BENEFITS



6.1 Board of Directors

The Board of Directors brings relevant experience and skills including professional services, financial management, legal services and corporate governance. The board comprises:

Position	Experience, qualifications and expertise
Richard Grellman, AM Independent Non-Executive Chairman <i>FCA</i>	Richard was appointed independent Non-Executive Chairman in September 2014. Richard is also chairman of Crowe Horwath Australasia Limited, Genworth Mortgage Insurance Limited, AMP Foundation and Bible Society Australia. Richard is also a director of Bisalloy Steel Group Limited and chairman emeritus of The Association of Surfing Professionals (International) Limited. Richard has also served as a director of AMP Limited (2000-2011), director of AMP Life Limited (2002 -2009), chairman of AMP Life Limited (2009-2011), director of Centennial Coal Company Limited (2008-2011), chairman of NSW Lifetime Care and Support Authority (2006-2009) and chairman of NSW Motor Accidents Authority (1994-2009). Richard worked for KPMG for 32 years, mostly within the Corporate Recovery Division and was a partner from 1982 to 2000.
David Griffith Managing Director <i>BE (Hons), FIPTA Registered Australian and New Zealand Patent Attorney, Registered Australian Trade Marks Attorney</i>	David has worked at Spruson & Ferguson since 1974. He has been a Principal of Spruson & Ferguson since 1981 and Managing Principal of Spruson & Ferguson since 1999. David was a founding director of Spruson & Ferguson Asia and has been chairman since 2011. David's professional appointments include past President of the Institute of Patent and Trade Mark Attorneys of Australia (IPTA), past President of the Contact Commission of the Federation Internationale des Conseils en Propriete Industrielle (FICPI) (1997 – 2012) and an ex officio member of the FICPI Advisory Council (1997-2012). He was an Australian delegate to the FICPI Executive Committee from 1983 to 1990 and he is a Member of Honour of FICPI. David was a representative partner to Computer Patent Annuities Limited Partnership (CPA) in Jersey, Channel Islands prior to his appointment to the Board from 2005 until it was sold to private equity in 2010.
John Atkin Independent Non-Executive Director <i>LLB (1st Class Hons), BA (Pure Mathematics) (1st Class Hons)</i>	John was appointed as a Non-Executive Director in September 2014. John is currently a director of Aurizon Holdings Limited, the Australian Outward Bound Foundation and the State Library of NSW Foundation. John is a former CEO & Managing Director of The Trust Company Limited (2009-2013). John was also Managing Partner and Chief Executive of Blake Dawson (2002-2008). John also worked at Mallesons Stephen Jaques as a Mergers & Acquisitions Partner for 14 years (1987-2001).
Robin Low Independent Non-Executive Director <i>BCom, FCA</i>	Robin was appointed as a Non-Executive Director in September 2014. Robin is a director of AustBrokers Limited, CSG Limited, Sydney Medical School Foundation, Primary Ethics and the Public Education Foundation. She is also a member of the Auditing and Assurance Standards Board. Robin worked at PricewaterhouseCoopers for 28 years and was a partner from 1996 to 2013.
Sally Pitkin Independent Non-Executive Director <i>PhD (Governance), LLM, LLB, FAICD</i>	Sally was appointed as a Non-Executive Director in September 2014. Sally is a non-executive director of CEDA, Super Retail Group Limited and Billabong International Limited. Sally is the Deputy President Queensland of the Australian Institute of Company Directors. Sally is a former director of ASX listed Aristocrat Leisure Limited and Australian Leisure and Hospitality Group. Sally is a former corporate partner of the law firm Clayton Utz.

6 KEY PEOPLE, INTERESTS AND BENEFITS

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The composition of the Board committees and details of its key corporate governance policies are set out in section 6.5.

The Board has considered the Company's immediate requirements as it transitions to an ASX listed company and is satisfied that the composition of the Board reflects an appropriate range of independence, skills and experience for the Company after Listing.

6.2 Executive management

The Group's senior executive managers are set out below:

Position	Experience, qualifications and expertise
David Griffith Managing Director <i>BE (Hons), FIPTA Registered Australian and New Zealand Patent Attorney, Registered Australian Trade Marks Attorney</i>	See section 6.1 for details
Carole Campbell Group Chief Financial Officer <i>BEC, FCA and GAICD</i>	Carole joined Spruson & Ferguson as Group Chief Financial Officer and Company Secretary in July 2014. Carole is a Fellow of the Institute of Chartered Accountants in Australia and a Graduate Member of the Australian Institute of Company Directors. She is currently a Non-Executive Director of The Sydney Film Festival and an Independent Member on the Finance, Audit and Risk Management Committee of the Australian Film Television and Radio School ("AFTRS"). Carole has over 20 year' experience in senior financial management roles including with Bis Industries Limited, Seven Network Limited, Westpac Institutional Bank, Macquarie Bank and KPMG.
Simon Saunders Head of IT & Systems <i>MBA, MSc, BSc (Hons), GradCertMLP</i>	Simon has been Head of IT and Systems of the Group since July 2007. IT and Systems is part of IPH Services. Simon is a past chair of the Australian Inprotech (Software) User Group (2008-2011) and a qualified trade marks attorney in Ireland and Australia. Simon has recently graduated with an MBA from Macquarie University and holds an MSc in Biochemistry and a BSc(Hons) in Biochemistry.
Olga Kozub Head of Marketing & Business Development <i>MBA, BBus</i>	Olga joined Spruson & Ferguson in 2003. Working closely with the Principals, she has led the business development and marketing function of the Group since 2006. In her current position as Head of Marketing and Business Development Olga is responsible for the development and execution of the Group's marketing and business development strategic plans and initiatives across the Asia-Pacific region. Olga holds a Bachelor of Business and in 2010 graduated with a Masters of Business Administration from the University of New South Wales.
Fiona Tomlinson Head of HR & Administration	Fiona has been with Spruson & Ferguson for 15 years since her commencement in 1999. Fiona's role involves managing the support staff of Spruson & Ferguson and all functions of the day to day operations of the Group. Fiona is a Professional Member of the Australian Human Resources Institute and a Member of the Australian Institute of Management.

6.3 Principals

The Principals, who are the senior professional staff within the Group, are set out below:

Name and Position	Years with the Group	Qualifications
David Griffith Managing Director	40	• Bachelor of Engineering (Chemical) (Hons) – University of New South Wales • Registered Australian Patent Attorney • Registered New Zealand Patent Attorney • Registered Australian Trade Marks Attorney
Greg Turner Patent Attorney Mechanical Team	40	• Bachelor of Engineering – University of New South Wales • Registered Australian Patent Attorney • Registered New Zealand Patent Attorney • Registered Australian Trade Marks Attorney
Robert Miller Patent Attorney Electrical/ICT Team	22	• Bachelor of Engineering (Elec) – Monash University • Bachelor of Legal Studies – Macquarie University • Registered Australian Patent Attorney • Registered New Zealand Patent Attorney • Registered Australian Trade Marks Attorney • Robert is intending to retire for health reasons and it is expected that he will act as a consultant to the Group in the future
Lee Pippard Patent Attorney Electrical/ICT Team	25	• Bachelor of Engineering – University of New South Wales • Registered Australian Patent Attorney • Registered New Zealand Patent Attorney • Registered Australian Trade Marks Attorney
Scott Berggren Patent Attorney Electrical/ICT Team	20	• Bachelor of Science in Electrical Engineering – University of Massachusetts Dartmouth • Master of Science in Electrical Engineering – University of Massachusetts Dartmouth • Bachelor of Laws – University of Technology Sydney • Graduate Diploma in Industrial Property – University of Technology Sydney • Solicitor – Supreme Court of New South Wales • Registered US Patent Agent • Registered Australian Patent Attorney • Registered New Zealand Patent Attorney • Registered Australian Trade Marks Attorney

6 KEY PEOPLE, INTERESTS AND BENEFITS

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Name and Position	Years with the Group	Qualifications
Greg Gurr Patent Attorney Mechanical Team	18	• Bachelor of Engineering (Hons) – Royal Melbourne Institute of Technology • Bachelor of Applied Science – Royal Melbourne Institute of Technology • Master of Engineering (Research) – University of Sydney • Graduate Diploma of Business (Technology Management) – Deakin University • Graduate Diploma in Legal Studies – University of Technology Sydney • Registered Australian Patent Attorney • Registered New Zealand Patent Attorney • Registered Australian Trade Marks Attorney
Ryan Curnick Patent Attorney Mechanical Team	18	• Bachelor of Engineering – Curtin University of Technology Western Australia • Registered Australian Patent Attorney • Registered New Zealand Patent Attorney • Registered Australian Trade Marks Attorney
John Afaras Solicitor/Trade Marks Attorney Legal Team, Trade Marks Team	17	• Bachelor of Laws – University of Sydney • Bachelor of Economics – University of Sydney • Solicitor – Supreme Court of New South Wales/Federal Court of Australia/High Court of Australia • Registered Australian Trade Marks Attorney
Dr. Andrew Blattman Patent Attorney Chemical/Life Sciences Team	19	• Bachelor of Agricultural Science (Hons 1) – University of Sydney • Doctor of Philosophy – University of New England • Graduate Diploma in Industrial Property – University of Technology Sydney • Registered Australian Patent Attorney • Registered New Zealand Patent Attorney • Registered Australian Trade Marks Attorney
Shahnaz Irani Patent Attorney/ Solicitor Chemical/Life Sciences Team, Legal Team	16	• Bachelor of Science (Hons) – University of Sydney • Bachelor of Laws (Hons) – University of Sydney • Solicitor – Supreme Court of New South Wales • Registered Australian Patent Attorney • Registered New Zealand • Registered Australian Trade Marks Attorney
Tracey Berger Trade Marks Attorney Trade Marks Team	14	• Bachelor of Law (Hons) – Australian National University Canberra • Graduate Diploma in Legal Practice – Australian National University Canberra • Bachelor of Science – Australian National University Canberra • Solicitor – Supreme Court of New South Wales/High Court of Australia • Registered Australian Trade Marks Attorney

Name and Position	Years with the Group	Qualifications
Paul Massey Patent Attorney Electrical/ICT Team	17	• Bachelor of Engineering (Elec) (Hons) – University of Wollongong • Master of Laws – University of London • Master of Legal Studies (IP Law) – University of Technology Sydney • Registered Australian Patent Attorney • Registered New Zealand Patent Attorney • Registered Australian Trade Marks Attorney
Dr Martin O'Brien Patent Attorney Chemical/Life Sciences Team	16	• Bachelor of Science (Hons 1) – University of Sydney • Doctor of Philosophy – University of Sydney • Master of Legal Studies – University of Technology Sydney • Diploma in Intellectual Property Practice – Academy of Education/The Institute of Patent and Trade Marks Attorneys of Australia • Registered Australian Patent Attorney • Registered New Zealand Patent Attorney • Registered Australian Trade Marks Attorney
John Brass Patent Attorney Electrical/ICT Team	15	• Master of Science in Engineering – University of Natal South Africa • Bachelor of Science in Electronic Engineering – University of Natal South Africa • Bachelor of Commerce – University of South Africa • Master of Industrial Property – University of Technology Sydney • Registered Australian Patent Attorney • Registered New Zealand Patent Attorney • Registered Australian Trade Marks Attorney
Khajaque Kortian Solicitor/Trade Marks Attorney Legal Team, Trade Marks Team	28	• Bachelor of Laws – University of Technology Sydney • Solicitor – Supreme Court of New South Wales/Federal Court of Australia/High Court of Australia • Registered Australian Trade Marks Attorney • Barrister and Solicitor of the High Court of New Zealand
Philip Heuzenroeder Solicitor Trade Marks Team, Legal Team	10	• Bachelor of Laws – University of Adelaide • Bachelor of Economics – University of Adelaide • Master of Laws – University of Technology Sydney • Solicitor – Supreme Court of New South Wales/Supreme Court of South Australia Federal Court of Australia/High Court of Australia
Kristian Robinson Patent Attorney Chemical/Life Sciences Team	10	• Bachelor of Engineering (Chemical) (Hons) – Curtin University of Technology Australia • Bachelor of Science (Chemistry) – Murdoch University • Registered Singapore Patent Agent • Registered Australian Patent Attorney • Registered New Zealand Patent Attorney

6 KEY PEOPLE, INTERESTS AND BENEFITS

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Name and Position	Years with the Group	Qualifications
Edward Genocchio Patent Attorney Mechanical Team	15	• Bachelor of Engineering – University of Technology Sydney • Master of Legal Studies – University of Technology Sydney • Master of Industrial Property – University of Technology Sydney • Registered Australian Patent Attorney • Registered Australian Trade Marks Attorney • Registered New Zealand Patent Attorney
Dr Richard Grant Patent Attorney Chemical/Life Sciences Team	11	• Bachelor of Science (Hons) – University of Sydney • Doctor of Philosophy – University of Sydney • Master of Business Administration – APESMA/Deakin University • Diploma of Imperial College – Imperial College of Science and Technology, London • Master of Industrial Property – University of Technology Sydney • Registered Australian Patent Attorney • Registered New Zealand Patent Attorney • Registered Australian Trade Marks Attorney
Ken Hamilton Trade Marks Attorney Trade Marks Team	3	• Bachelor of Applied Science – Gippsland Institute of Advanced Education • Registered Australian Patent Attorney • Registered New Zealand Patent Attorney • Registered Australian Trade Marks Attorney
Dr Simon Potter Patent Attorney Chemical/Life Sciences Team	7	• Bachelor of Science (Hons 1) – University of Sydney • Doctor of Philosophy (Molecular Virology) – University of Sydney • Master of Industrial Property – University of Technology Sydney • Registered Australian Patent Attorney • Registered New Zealand Patent Attorney • Registered Australian Trade Marks Attorney

6.4 Interests and benefits

This section 6.4 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director;
- person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of IPH; or
- underwriter to the Offer or financial services licensee named in the Prospectus as a financial services licensee involved in the Offer,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of IPH;
- property acquired or proposed to be acquired by IPH in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of IPH or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

6.4.1 Interests of advisers

IPH has engaged the following professional advisers:

- Bell Potter and Morgans have acted as Joint Lead Managers to the Offer. IPH and SaleCo have paid or agreed to pay the Joint Lead Managers the fees described in section 9.6 for these services
- Watson Mangioni has acted as Australian legal adviser to the Group in relation to the Offer. The Group has paid, or agreed to pay, approximately \$400,000 (excluding disbursements and

GST) for these services up until the Prospectus Date. Further amounts may be paid to Watson Mangioni in accordance with its normal time-based charges.

- Deloitte has acted as Investigating Accountant and has prepared the Investigating Accountant's Report and has performed work in relation to due diligence enquiries. The Group has paid, or agreed to pay, approximately \$450,000 (excluding disbursements and GST) for the above services up until the Prospectus Date. Further amounts may be paid to Deloitte in accordance with its normal time-based charges.
- Aquasia has acted as adviser to the Board in relation to the Offer. The Group has agreed to pay a success fee of 0.2% (excluding disbursements and GST) of IPH's enterprise value as at, and subject to, completion of the Offer. The Group has paid, or agreed to pay, approximately \$140,000 (excluding disbursements and GST) for these services up until the Prospectus Date, which is fully rebateable against the success fee.
- Speed and Stracey Lawyers have acted as Australian legal adviser to the Group in relation to certain parts of the Restructure. The Group has paid, or agreed to pay, approximately \$700,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Speed and Stracey Lawyers in accordance with its normal time-based charges.

These amounts, and other expenses of the Offer, will be paid by IPH and SaleCo out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in section 7.3.

6.4.2 Director interests and remuneration

6.4.2.1 Executive Director's remuneration and interests

The Group has entered into an employment contract with David Griffith to govern his employment

with the Group including as Managing Director of IPH. Refer to section 6.4.3 for further details.

Entities associated with David comprise some of the Existing Owners. Under the Restructure, Existing Owners were issued with Shares in consideration for the cancellation of their units in the Spruson & Ferguson Trust and have agreed to transfer some of these Shares between themselves prior to Listing. SaleCo will acquire and sell some of their Shares under the Offer. See sections 9.4 and 9.5 for details of these arrangements. The entities associated with David were issued with 16,425,000 Shares in consideration for the cancellation of their units in the Spruson & Ferguson Trust and will transfer 4,227,469 of those Shares to other Existing Owners under the Restructure. SaleCo will acquire and sell under the Offer 6,098,766 of their remaining Shares.

The Existing Owners associated with David will continue to hold 6,098,766 Shares at Completion of the Offer.

Details of the escrow arrangements applying to those Shares are set out in section 7.5.

The Existing Owners are entitled to receive from the Group a distribution of \$6.7 million, representing their undistributed profit entitlements in the Spruson & Ferguson Trust as at 30 September 2014 (being prior to IPH acquiring any units in the Spruson & Ferguson Trust and the units of the Existing Owners being cancelled in return for an issue of Shares in IPH under the Restructure), less deferred income as at 30 June 2014 which has already been distributed. The Group will likely drawdown on the New Banking Facilities (at least in part) to fund this distribution. The Existing Owners associated with David will be entitled to receive \$0.7 million as part of this distribution.

6.4.2.2 Non-Executive Directors' remuneration

Under the Constitution, the Board decides the total amount paid to each Director as remuneration for their services as a Director of IPH.

6 KEY PEOPLE, INTERESTS AND BENEFITS

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However, under the ASX Listing Rules, the total amount of fees paid to all Directors for their services (excluding, for these purposes, the salary of any executive Director) must not exceed in aggregate in any financial year the amount fixed by IPH in general meeting.

This amount has been fixed by IPH at \$750,000. Any change to that aggregate annual sum needs to be approved by Shareholders. The ASX Listing Rules require that the remuneration of Directors must not include a commission on, or a percentage of, operating revenue.

Annual Directors' fees to be paid by IPH are \$190,000 to the Chairman, Richard Grellman, and \$90,000 to each of John Atkin, Robin Low and Sally Pitkin. The Managing Director, David Griffith will not receive any remuneration for being on the Board beyond his normal salary which is described in section 6.4.3.

All Directors' fees include superannuation.

The non-executive Directors are not entitled to participate in any employee incentive scheme (including the LTIP), but have indicated that they may elect to receive all or part of their fees in the form of Shares, subject to Shareholder approval and/or waiver of the Listing Rules. The number of Shares issued to Directors in respect of their fees will be calculated by

dividing the amount of the fee payable to them that they elect to receive in Shares by the volume weighted average price of the Shares on ASX in a period determined by the Board preceding their issue.

6.4.2.3 Payments in connection with the Listing

In the event of the Listing, each of Richard Grellman, John Atkin, Robin Low and Sally Pitkin will receive a one off bonus in the form of Shares. The amount of the bonus will be 23,809 Shares.

6.4.2.4 Director protection deeds

IPH has entered into a director protection deed with each Director. Under these deeds, IPH has agreed to provide to each Director access to the books and records of IPH while they are a Director and for a period of seven years from when they cease to be a Director and IPH has also agreed to indemnify, to the extent permitted by the Corporations Act, each Director in respect of certain liabilities which the Director may incur as a result of, or by reason of (whether solely or in part), being or acting as Director.

Pursuant to the Constitution, IPH may arrange and maintain directors' and officers' insurance for its Directors to the extent permitted by law. Under the director protection deeds, IPH has agreed to obtain and maintain such insurance during each Director's period of office and for the period of

seven years after the Director ceases to be a Director.

6.4.2.5. Prospectus liability insurance

IPH intends to effect a policy of prospectus liability insurance. It is intended that the policy would insure IPH and all of its officers in respect of any claims that this document contains untrue or misleading statements or information or omissions and in respect of official investigations in relation to the Offer.

6.4.2.6 Other information about Directors' remuneration

Directors may also be reimbursed for expenses reasonably incurred in attending to IPH affairs. Non-Executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as a director of IPH or a subsidiary. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions. The interests of Directors and senior management are set out in this section 6.4.

6.4.2.7 Directors' shareholdings

Directors are not required under the Constitution to hold any Shares. On Completion of the Offer, the numbers of Shares held by Directors are expected to be as follows:

Table 12 Directors' shareholdings

Director	Shares held immediately prior to Completion of the Offer ¹	Shares acquired/ (sold) ² in the Offer	IPO bonus Shares	Shares held on Completion of the Offer (number)	Shares held on Completion of the Offer (%)
Richard Grellman ³	–	23,809	23,809	47,618	0.03%
David Griffith	12,197,532	(6,098,766)	–	6,098,766	3.87%
John Atkin ⁴	–	71,427	23,809	95,236	0.06%
Robin Low ⁵	–	23,809	23,809	47,618	0.03%
Sally Pitkin ⁶	–	23,809	23,809	47,618	0.03%

1. See section 9.4 for details of the Restructure under which Existing Owners associated with David Griffith will be issued with Shares in exchange for cancellation of their units in the Spruson & Ferguson Trust.

2. See section 9.5 for details of the sale arrangements pursuant to which SaleCo will acquire and sell Shares issued to the Existing Owners associated with David Griffith under the Restructure.

3. Richard Grellman has advised IPH that he proposes to subscribe for 23,809 Shares under the Offer.

4. John Atkin has advised IPH that he proposes to subscribe for 71,427 Shares under the Offer.

5. Robin Low has advised IPH that she proposes to subscribe for 23,809 Shares under the Offer.

6. Sally Pitkin has advised IPH that she proposes to subscribe for 23,809 Shares under the Offer.

Final Directors' security holdings will be notified to the ASX on Listing. Directors may hold their interests in securities shown above directly, or indirectly through holdings by companies or trusts.

Refer to section 6.4.2.2 for further details of the Non-Executive Directors' fees being paid in Shares.

6.4.3 Management's interests and remuneration

Managing Director and Principals

The Principals (including the Managing Director and excluding Robert Miller) associated with the Existing Owners have entered into individual executive services agreements with the Group that are conditional on Listing. These establish:

- total compensation of \$250,000 per annum (including superannuation entitlements);
- a minimum three year term commencing on the Listing Date (for each Principal other than Scott Berggren, Lee Pippard and Greg Turner). The minimum term binds the Principals (subject to all usual legal requirements) however the Group may terminate the agreements earlier;
- a notice period of six months (subject to the minimum term), or by the Group without notice in the event of serious misconduct;
- restraint of trade provisions throughout Australia, New Zealand and Asia for 12 months after termination of employment. The enforceability of the restraint is subject to all usual legal requirements; and
- five weeks annual leave and for Australian employees, all other leave entitlements as per the National Employment Standard and applicable legislation.

Lee Pippard's and Greg Turner's agreements are for a minimum term of two years from the Listing Date and Scott Berggren's is for a minimum term of 18 months from the Listing Date.

It is expected that Robert Miller will act as a consultant to the Group in the future.

The Principals that are associated with Existing Owners will not be entitled to participate in any of the employee incentives outlined in section 6.4.4 until the commencement of the 2019 financial year.

Details of the escrow arrangements applicable to the Existing Owners that are associated with the Principals are set out in section 7.5.

6.4.4 Employee incentive arrangements

IPH is a recently incorporated company established for the purpose of the Offer. The Directors were only recently appointed and have not established incentive arrangements that will be used by the Group on an ongoing basis. However, to ensure that IPH has some incentive arrangements in place to assist in the attraction, motivation and retention of management and employees during its transition to a publicly listed company, the Board has established various interim incentive arrangements that will apply on Listing as set out in this section 6.4.4. These arrangements have been developed in the light of the arrangements under which the Existing Owners associated with 18 of the Principals will continue to hold very significant equity interests in the Company during the escrow period.

The Board intends to undertake a review of these incentive arrangements following Listing and may modify them for later financial years. If any such modification is made by the Board, grants of incentives under the modified arrangements will not be made until after the publication of IPH's results in respect of the 2015 financial year. When considering any such modifications, the Board expects that it will seek advice from appropriately qualified remuneration consultants and take into account the nature of incentive schemes utilised by comparable companies.

Briefly, the Board has determined that to align the interests of IPH's executive team and the goals of IPH, the remuneration packages of senior executives of IPH (other than the Managing Director and the Principals that are associated with Existing Owners – see section 6.4.3) should comprise of the following components:

- cash-based short-term incentives; and
- equity-based long-term incentives.

Payment of cash under the short-term incentives and the award of equity under long-term incentives will be subject to the achievement of performance criteria or hurdles set by the Board.

The remuneration packages of the executive team are considered by the Nomination and Remuneration Committee and approved by the Board. The remuneration of the executives will be reviewed annually by the Nomination and Remuneration Committee. At the absolute discretion of the Nomination and Remuneration Committee, IPH may seek external advice on the appropriate level and structure of the remuneration packages of the executive team from time to time.

6.4.4.1 Short-term incentive plan

The Board has determined that IPH's current remuneration policy for its senior professional staff and other selected employees include an annual incentive program ("STIP").

Under the STIP, participants have an opportunity to receive a cash incentive payment calculated as a percentage of their fixed annual remuneration each year, conditional upon achievement of financial and non-financial performance criteria. Payment of short-term incentives in any given year is conditional upon achievement of:

- performance criteria tailored to each respective role (if any); and
- IPH's profit performance.

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The performance measures against which each participant's short term incentive is assessed and their relative weightings are tailored to an participant's role and are set by the Board each year. Certain gateway conditions set by the Board must be met to receive a payment and, if met, a balanced scorecard will be used to determine the quantum of the payment.

For the 2015 financial year, the maximum incentive that may be awarded to each participant has been set at 30% of their TFR and the gateway conditions to the payment of an incentive will be IPH achieving the pro forma forecast EBITDA for the 2015 financial year as set out in section 5.3 and the professional conduct of the participant meeting IPH's expected standards. The maximum amount payable in short term incentives to all STIP participants for FY2015 (if all gateway conditions

and performance measures are achieved) is approximately \$970,000.

Participation in the STIP for the 2015 financial year does not give rise to any entitlement to participate in the arrangement for future years, any replacement arrangement or any other incentive plan which IPH may have in place from time to time.

The Principals associated with the Existing Owners will not participate in the STIP during the initial 3 year term of their executive service agreements referred to in section 6.4.3, but it is expected that they will participate in the STIP from the commencement of the 2019 financial year.

6.4.4.2 Long-term incentive plan

IPH has adopted a long-term incentive plan ("LTIP") in order to assist in the motivation and retention of Key Staff. The LTIP is designed to align the interests of eligible employees more closely with the interests

of shareholders by providing an opportunity for eligible employees to receive an equity interest in IPH. Under the LTIP, eligible employees may be offered rights to Shares ("Performance Rights") which may be subject to vesting conditions set by the Board.

The value of a participant's LTIP opportunity will be up to 20% of their TFR, depending on the participant's role. IPH will grant approximately \$590,000 worth of Performance Rights to participants under the LTIP prior to Listing. IPH will not grant any further Performance Rights under the LTIP until after the publication of IPH's results in respect of the 2015 financial year.

Each grant of Performance Rights under the LTIP is, or will be, on the terms generally described as follows:

Eligibility	Eligibility to participate in the LTIP and the number of Performance Rights offered to each individual participant will be determined by the Board. Non-Executive Directors of IPH are not permitted to participate in the LTIP.
Grant date	Under the rules of the LTIP, Performance Rights may be offered or granted to eligible employees of IPH from time to time, subject to the absolute discretion of the Board.
Consideration for grant	Nil
Exercise price	Nil
Vesting period	The Board has set the vesting period for the Performance Rights granted to employees prior to Listing as the period commencing on the Listing Date and ending on 9 September 2017. Thereafter, it is intended that all subsequent offers of Performance Rights (if any) will have a vesting period of three financial years commencing with the year in which an offer or grant is made under the LTIP.

Vesting conditions	Performance Rights will vest (and become exercisable) to the extent that the applicable performance, service, or other vesting conditions specified at the time of the grant are satisfied (collectively the “Performance Criteria”). Performance Criteria may include conditions relating to continuous employment or service, the individual performance of the participant and/or IPH’s performance. Typically, the Performance Criteria must be satisfied within a predetermined performance period. Both the Performance Criteria and the performance period are set by the Board at its absolute discretion. The Board has set the following Performance Criteria for the performance period for the Performance Rights granted to employees prior to Listing: • 50% of the Performance Rights granted will vest subject to a relative total shareholder return (“TSR”) performance hurdle over the relevant vesting period (“TSR Rights”); and • the remaining 50% of the Performance Rights granted will vest subject to an earnings per share (“EPS”) performance hurdle over the relevant vesting period (“EPS Rights”). <i>TSR Rights</i> IPH’s TSR will be assessed against the relative performance over the relevant performance period of a list of companies included in the ASX300 Accumulation Index. The relative TSR performance targets and corresponding percentages of the maximum number of TSR Rights that would vest are as follows: • below the 50th percentile: 0% • at the 50th percentile: 25% • better than the 50th percentile but below the 75th percentile: Pro-rata straight-line between 25% and 100% • equal to or above the 75th percentile: 100% For the Performance Rights granted to employees prior to Listing, the share price baseline for the TSR calculation will be the Offer Price and the performance period will be the period from the Listing Date to 30 June 2017. <i>EPS Rights</i> The absolute EPS performance targets (being the compound annual EPS growth over the relevant performance period, adjusted to take into account one-off items associated with the Offer, if necessary) and corresponding percentages of the maximum number of EPS Rights that would vest are as follows: • compound EPS growth of less than 7% per annum: 0% • compound EPS growth of 7% per annum: 20% • compound EPS growth of more than 7% per annum but less than 15% per annum: Pro-rata straight-line between 20% and 100% • compound EPS growth equal to or above 15% per annum: 100% For the Performance Rights granted to employees prior to Listing, the minimum EPS target (at which 20% of the EPS Rights vest) will be EPS in the financial year ending 30 June 2017 of 17.3 cents, being the forecast pro forma EPS of IPH for the financial year ending 30 June 2015 (as set out in section 1.4) with a compound annual growth rate of 7% applied to it for the following 2 financial years, and the maximum EPS target (at which 100% of the EPS Rights vest) will be EPS in the financial year ending 30 June 2017 of 20.0 cents, being the forecast pro forma EPS of IPH for the financial year ending 30 June 2015 (as set out in section 5.3) with a compound annual growth rate of 15% applied to it for the following 2 financial years.
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Exercise of Performance Rights	A participant may exercise Performance Rights in respect of which the Board has given a vesting notice and which have not expired or been forfeited. To exercise a Performance Right, the participant must lodge with IPH a signed notice of exercise and comply with any requirements under the rules of the LTIP or as specified by the Board. Any vested Performance Rights held by a participant must be exercised no later than the 30 June immediately following the date the vesting conditions are satisfied.
Issue or acquisition of Shares	Shares allocated to participants upon the exercise of Performance Rights, may be issued by IPH or acquired on or off market by IPH or its nominee.
Ranking of Shares	Shares issued upon exercise of Performance Rights granted under the LTIP will rank equally in all respects with the other issued Shares.
Expiry of Performance Rights	Performance Rights which have not been exercised will expire if the applicable vesting conditions and any other conditions to exercise are not met during the prescribed performance period or if they are not exercised before the applicable expiry date.
Voting and dividend rights of Performance Rights	Performance Rights do not carry any voting or dividend rights.
Quotation	Performance Rights will not be quoted on ASX. The Company will apply for official quotation of any Shares issued under the LTIP upon the issue of Shares upon exercise of Performance Rights, in accordance with the Listing Rules.
Approval	Grants of Performance Rights under the LTIP to an executive Director may be subject to the approval of Shareholders, to the extent required under the Listing Rules.
Cessation of employment	The LTIP contains provisions concerning the treatment of unvested Performance Rights in the event a participant ceases employment. Broadly, upon cessation, the Board may determine in its absolute discretion that: • a pro-rata number (based on the time elapsed), or such other number, of the Performance Rights will be tested at the end of the original vesting period and vest at that time (or any other time determined by the Board) subject to satisfying the applicable performance hurdles (other than service related conditions which will be deemed to have been satisfied); • a pro-rata number (based on the time elapsed), or such other number, of the Performance Rights will be tested at the time of cessation of employment and vest at that time (or any other time determined by the Board) subject to satisfying the performance hurdles (other than service related conditions which will be deemed to have been satisfied); • any applicable performance hurdles, conditions, periods for measurement or vesting will be modified or waived; or • some or all of the Performance Rights lapse. If the participant resigns (other than for retirement) or is terminated for cause, the Performance Rights will lapse, subject to an overriding Board discretion to determine a different treatment as set out above.

Takeover	If any transaction or event is proposed that, in the opinion of the Board, may result in a person becoming entitled to exercise control over IPH (including a takeover bid that the Board resolves to recommend the bid to Shareholders of IPH or a court convenes a meeting of Shareholders to be held to vote on a proposed scheme of arrangement pursuant to which control of the majority of the Shares in IPH may change, or a notice being sent to Shareholders proposing a resolution for the winding up of IPH), the Board may determine in its absolute discretion whether some or all of the Performance Rights: • vest (whether subject to further conditions or not); • lapse; • remain subject to the applicable performance hurdles, conditions, periods for measurement and/or vesting; or • become subject to substitute or varied performance hurdles, conditions, periods for measurement and/or vesting, having regard to any matter the Board considers relevant. Where a change of control of the Company occurs and the Board has not exercised a discretion as set out above, the Performance Rights (including the EPS Rights) will vest depending on the TSR performance of the Company relative to the comparator organisations as determined in accordance with the relative TSR performance targets and corresponding percentages set out above but calculated from the Award Date to the date of the change of control. For these purposes, the TSR performance of IPH will be calculated based on the highest price at which Shares are acquired under the change of control transaction. If Shares are subsequently acquired at a higher price under the relevant transaction then the participant may be entitled to a “top-up” equal to the number of Shares calculated in accordance with the methodology above but calculated on the basis of the higher Share price less the number of Shares already received by the participant, unless the participant is delivered the initial Shares within a reasonable time to allow them to exercise any rights to accept or reject the relevant transaction.
Capital reconstruction	If there are certain variations of the share capital of the Company including a capitalisation or rights issue, subdivision, consolidation or reduction in share capital, the Board may make such adjustments as it considers appropriate under the LTIP, in accordance with the provisions of the Listing Rules.
Costs	IPH must bear any costs incurred in the administration of the LTIP.
LTIP	The LTIP also contains customary and usual terms having regard to Australian law for dealing with administration, variation and termination of the LTIP.

6 KEY PEOPLE, INTERESTS AND BENEFITS

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6.4.4.3 Retention arrangements for select key staff

Given the strong desire of retaining selected key staff leading up to and following the proposed listing of IPH, the Board has agreed to a one-off issue of 142,857 rights to Shares ("Retention Rights") to such staff at the time of listing which will vest over a three year period from listing. A third of the aggregate number of Retention Rights granted will vest at each 12 month anniversary of the grant date. Vesting of each tranche of the Retention Rights is conditional on continued employment by the Group, however the Board has the right to determine (in its absolute discretion) that part or all of the Retention Rights will vest notwithstanding cessation of employment. The Principals associated with the Existing Owners will not be granted any Retention Rights.

6.5 Corporate governance

This section 6.5 explains how the Board oversees the management of the Company's business. The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy including approving the strategic goals of the Company and considering and approving an annual business plan, including a budget. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests and that the Company, its Directors, officers and personnel operate in an appropriate environment of corporate governance, having regard to the unique obligations of the Group as registered patent and trade marks attorneys and as an incorporated legal practice. Accordingly, the Board has created

a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The Company is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released its Corporate Governance Principles and Recommendations ("ASX Recommendations") for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

The Principals have always aspired to the highest ethical standards in the conduct of their business. They also ensured that all of the people engaged in the business complied with relevant codes of professional conduct. Since the appointment of the Board in late September 2014, the Board has adopted a number of charters and policies in order to strengthen the governance of the Group in accordance with the ASX Recommendations appropriately adapted for the circumstances of the Group and its services business. The Board anticipates that those charters and policies will be further developed and refined as the Company and its management systems and capabilities develop in the years ahead. Copies of the Company's key policies and practices and the charters for the Board and each of its committees are available at www.iphltd.com.au.

6.5.1 Board of Directors

The Board of Directors is comprised of the Non-Executive Chairman and three Non-Executive Directors, all of whom are independent, and the Managing Director. The Board comprises:

- Richard Grellman – Non-Executive Chairman;
- David Griffith – Managing Director;
- John Atkin – Non-Executive Director;
- Robin Low – Non-Executive Director; and
- Sally Pitkin – Non-Executive Director.

Detailed biographies of the Board members are provided in section 6.1.

Each Director has confirmed to the Company that he or she anticipates being available to perform his or her duties as a Non-Executive Director or Executive Director as the case may be, without constraint from other commitments.

The Board considers an independent Director to be a Non-Executive Director who is not a member of the Company's management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to interfere with the independent exercise of their judgement.

The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board Charter sets out guidelines of materiality for the purpose of determining independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers qualitative principles of materiality for the purpose of determining “independence” on a case-by-case basis. The Board will consider whether there are any factors or considerations which may mean that the Director’s interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director’s ability to act in the best interests of the Company.

The Board considers that Richard Grellman is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of his judgement and is able to fulfil the role of independent Non-Executive Director and Chairman for the purpose of the ASX Recommendations.

The Board considers that each of John Atkin, Robin Low and Sally Pitkin is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of the Director’s judgement and is able to fulfil the role of independent Director for the purpose of the ASX Recommendations.

David Griffith is not considered to be independent as he is the Managing Director of the Company.

Accordingly, as at Listing, the Board will consist of a majority of independent Directors and the Chairman will be an independent Director.

6.5.2 Board Charter

The Board Charter adopted by the Board sets out the responsibilities of the Board in greater detail. It envisages that the Board should comprise Directors with a range of skills, expertise, experience and diversity which are relevant to the Company’s businesses and the Board’s responsibilities. The Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board. The Board retains ultimate accountability to Shareholders in discharging its duties.

6.5.3 Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit Committee and a Nomination and Remuneration Committee.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements and the skills and experience of individual Directors.

Under the Board Charter, Board committee performance evaluations will occur regularly.

6.5.4 Audit Committee

The role of the Audit Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company’s internal control structure. The Audit Committee also confirms the quality and reliability of the financial information prepared by the Company, works with the external auditor on behalf of the Board and reviews non-audit services provided by the external auditor.

The Board has adopted a policy regarding the services that the Company may obtain from its auditor. It is the policy of the Company that its external auditor:

- must be independent of the Company and the Directors and Management. To ensure this, the Company requires a formal report from its external auditor on an annual basis setting out the relationships that may affect its independence; and
- may not provide services to the Company that are, or are perceived to be, materially in conflict with the role of the external auditor. Non-audit or assurance services that may impair, or appear to impair, the external auditor’s judgement or independence are not appropriate. However, the external auditor may be permitted to provide additional services which are, or may be perceived to be, materially in conflict with the role of the auditor if the Board or Audit Committee has approved those additional services.

The Charter of the Audit Committee provides that the committee should comprise, to the extent practicable given the size and composition of the Board from time to time, at least three members, each of whom are Non-Executive Directors, and a majority of whom are independent. The chair of the committee shall be an independent Non-Executive Director who is not the Chairman.

All Directors are able to and do review and challenge policies and practices to ensure decisions taken are in the best interests of the Company.

The Audit Committee will meet as often as is required by the Audit Committee Charter or other policy approved by the Board to govern the operations of the Audit Committee. The chair of the Audit Committee may invite other Directors, members of Management and representatives

6 KEY PEOPLE, INTERESTS AND BENEFITS

CONTINUED

of the external auditor to be present at meetings of the committee and seek advice from external advisers. The Audit Committee will regularly report to the Board about committee activities, issues and related recommendations.

The committee will be chaired by Robin Low and also comprises of Richard Grellman, John Atkin and Sally Pitkin all of whom are independent Non-Executive Directors of the Company.

6.5.5 Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee is to review and make recommendations to the Board on remuneration packages and policies related to the Directors and Management and to ensure that the remuneration policies and practices are consistent with the Company's strategic goals and human resources objectives.

The Nomination and Remuneration Committee is also responsible for reviewing and making recommendations in relation to the composition and performance of the Board and its committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and Management). Independent advice will be sought where appropriate.

The Nomination and Remuneration Committee will meet as often as is required by the Nomination and Remuneration Committee Charter or other policy approved by the Board to govern the operation of the Nomination and Remuneration Committee. Following each meeting, the Nomination and Remuneration Committee will report to the Board on any matter that should be brought to the Board's attention and on any recommendation of the Nomination and Remuneration Committee that requires Board approval.

The committee will be chaired by John Atkin and also comprises of Sally Pitkin, Richard Grellman and Robin Low all of whom are independent Non-Executive Directors of the Company.

6.5.6 Risk Management Policy

The identification and proper management of the Company's risks is an important priority of the Board. The Board is responsible for overseeing and approving risk management strategy and policies for identifying major risk areas and monitoring risk management to provide assurance that major business risks are identified, consistently assessed and appropriately addressed. The development of an appropriate risk management policy for its business is a priority for the Board.

The Company will regularly undertake reviews of its risk management procedures to ensure that it complies with its legal obligations, including assisting the Managing Director or the Chief Financial Officer to provide the required declaration under section 295A of the Corporations Act.

The Company has in place a system whereby Management is required to report as to its adherence to policies and guidelines approved by the Board for the management of risks.

6.5.7 Continuous Disclosure and Investor Relations Policy

Once listed, the Company will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. The Company will be required to disclose to the ASX any information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Board aims to ensure that Shareholders and stakeholders are informed of all major developments affecting the Company's state of affairs. As such, the Company has adopted a Continuous Disclosure and Investor Relations Policy, which establishes procedures to ensure that Directors and Management are aware of, and fulfil their obligations in relation to, providing timely, full and accurate disclosure of material information to the Company's stakeholders and comply with the Company's disclosure obligations under the Corporations Act and the ASX Listing Rules. The Continuous Disclosure and Investor Relations Policy also sets out procedures for communicating with Shareholders, the media and the market.

The Company is committed to observing its disclosure obligations under the ASX Listing Rules and Corporations Act.

The Board's aim is to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and that they are informed of all major developments affecting the state of affairs of the Company relevant to Shareholders in accordance with all applicable laws. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with the ASX and publishing information on the Company's website (www.iphltd.com.au).

In particular, the Company's website will contain information about it, including media releases, key policies and the terms of reference of its Board committees. All announcements made to the market and any other relevant information will be posted on the Company's website as soon as they have been released to the ASX. As far as is legally permitted, all communications with Shareholders will be effected by electronic means of communication rather than through physical or paper based medium.

6.5.8 Securities Trading Policy

The Company has adopted a Securities Trading Policy to take effect from the Listing Date which will apply to the Directors, the company secretary of IPH, any director or company secretary of a member of the Group, the Principals, Management and other persons nominated by the Board from time to time ("Restricted Persons").

The Securities Trading Policy is intended to explain the types of conduct in relation to dealings in Shares that are prohibited under the Corporations Act and establish procedures in relation to dealings in Shares by Restricted Persons.

In all instances, buying or selling Shares is not permitted at any time by any person who possesses price-sensitive information in a manner contrary to the Corporations Act. Subject to this overriding requirement and subject to certain notification requirements, Restricted Persons are permitted to deal in Shares during two periods of four weeks duration commencing one trading day after the release of the Company's half year and full year results. However, the Chairman may give permission for dealing outside these windows in exceptional circumstances (e.g. severe financial hardship) provided the relevant individual seeking permission does not possess any confidential price sensitive information.

6.5.9 Diversity Policy

The workforce of the Group is made up of individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is recognised, valued and respected. The Company acknowledges the positive outcomes that can be achieved through a diverse workforce and recognises and utilises the contribution of diverse skills and talent from its workforce. The Company has implemented a diversity policy that outlines the Board's commitment to diversity. For the purposes of this policy, "diversity" encompasses (without limitation) diversity of gender, age, ethnicity, cultural background, impairment or disability, marital or family status, sexual orientation, gender identity and religion.

In its annual report, the Company will disclose the measurable objectives set by the Board for achieving gender diversity and the progress towards actually achieving them, and will also disclose the respective proportions of men and women on the Board, in senior executive positions and other employees of the Group.

6.5.10 Code of Ethics and Professional Conduct

Since the establishment of its business more than 125 years ago, Spruson & Ferguson and its predecessors have been committed to maintaining the highest ethical standards in the conduct of its business activities. The Board recognises the need to continue to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted Spruson & Ferguson's Code of Ethics, which sets out the way the Group conducts business. The Company will carry on business honestly and fairly, acting only in ways that reflect well on the Company in strict compliance with all laws and regulations. In addition all Directors, Management and employees of the Group are expected to familiarise themselves with and comply with the codes of professional conduct that apply from time to time to patent and trade marks attorneys or to legal practitioners, insofar as those professional codes are relevant to the discharge of their roles within the Group. Copies of those professional codes are available through the Group's website www.iphltd.com.au.

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DETAILS OF THE OFFER



7.1 Description of the Offer

This Prospectus relates to an offer of up to 79,066,850 Shares, comprising the sale of 79,008,279 Shares by SaleCo and the offer of up to 58,571 New Shares by IPH. The total number of Shares on issue at the Completion of this Offer, assuming all Eligible Employees take up their full entitlements under the Employee Award Offer, will be 157.6 million. 78.4 million of these Shares will be held by Existing Owners and subject to voluntary escrow agreements described in section 7.5. All Shares will rank equally with each other.

The Offer (other than the Employee Award Offer) has been fully underwritten by the Joint Lead Managers. A summary of the Underwriting Agreement, including the events which would entitle the Joint Lead Managers to terminate the Underwriting Agreement, is set out in section 9.6.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.2 Structure of the Offer

The Offer comprises:

- The Retail Offer consisting of the:
 - Broker Firm Offer, which is only open to Australian and New Zealand resident investors who are not Institutional Investors and who have received a firm allocation of Shares from a Broker; and
 - Employee Award Offer, which is only open to Eligible Employees nominated by IPH; and
- the Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors in Australia, New Zealand and certain overseas jurisdictions.

No general public offer of Shares will be made under the Offer.

The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Joint Lead Managers in consultation with the Company, having regard to the allocation policy described in section 7.8.3 and section 7.10.2. The Shares offered under the Employee Award Offer are New Shares and are sufficient to meet all applications made under the Employee Award Offer. Such applications will not impact the allocation of Shares under the Broker Firm Offer and the Institutional Offer.

7.3 Purpose of the Offer and use of proceeds

The purpose of the Offer is to:

- achieve a listing on the ASX to broaden the Company's shareholder base and provide a liquid market for its Shares;
- provide an opportunity for Existing Owners to partially monetise their investment;
- take advantage of recent regulatory reform which allows for the corporatisation of patent attorney practices;
- provide an improved capacity to attract and retain quality staff through short- and long-term employee incentives; and
- provide additional financial flexibility for the Group to pursue growth opportunities and improve access to capital markets.

The Offer is expected to raise approximately \$165.9 million. This amount represents proceeds from the sale of Shares by SaleCo and will be paid to SaleCo. This amount, less costs of approximately \$5.8 million agreed to be paid by SaleCo, will be passed on to the Existing Owners. The funds received for the sale of these Shares will not be paid to IPH.

IPH will not raise any amounts under the Offer.

The table below sets out in detail the use of the proceeds raised from the Offer.

Table 13 Sources and uses of funds

Sources of Funds	A\$ (m)	%	Uses of Funds	A\$ (m)	%
Statutory cash and cash equivalents as at 30 June 2014	4.3	2.3%	Payment to Existing Owners	160.1	85.6%
Cash proceeds received for issue of Shares by IPH and the transfer of Shares by SaleCo	165.9	88.7%	Costs of the Offer to be borne by IPH	2.8	1.5%
Drawdown of the New Banking Facilities	16.8	9.0%	Costs of the Offer to be borne by Existing Owners	5.8	3.1%
			Distributions to Existing Owners and repayment of existing bank facilities	21.5	11.5%
			Pro forma cash and cash equivalents balance as at 30 June 2014	-3.2	-1.7%
Total sources	187.0	100%	Total uses	187.0	100.0%

7 DETAILS OF THE OFFER

CONTINUED

7.4 Shareholders

The details of the ownership of IPH Shares as at the Prospectus Date and of the expected ownership of the Shares at the Completion of the Offer is shown in the table below:

Table 14 Shareholders

	At Prospectus Date		At Completion of the Offer	
	Shares (m)	%	Shares (m)	%
Existing Owners	152.0	100.0%	78.4	49.8%
Directors, Management and employees (excluding Existing Owners)	0.0	0.0%	0.3	0.2%
Other new Shareholders	0.0	0.0%	78.8	50.0%
Total	152.0	100.0%	157.6	100.0%

Note:
Totals may differ due to rounding.

The Share holdings of each of the Existing Owners as at the Prospectus Date and their expected ownership of Shares at the Completion of the Offer is shown in the table below:

Table 15 Existing Owners shareholding

Existing Owners	At Prospectus Date		At Completion of the Offer	
	Shares (m)	%	Shares (m)	%
Nabide Pty Limited	15.7	10.3%	5.4	3.4%
Dirdot Pty Ltd as trustee for the Griffith Superannuation Fund	0.8	0.5%	0.7	0.5%
David Carlyle Griffith	0.0	0.0%	0.0	0.0%
Kizile Pty Limited	14.3	9.4%	4.7	3.0%
Kizile Pty Ltd, as Trustee of the Greg Turner Super Fund	0.8	0.5%	0.7	0.5%
Setdor Pty Limited	10.7	7.1%	4.9	3.1%
Lee Pippard and Suzanne Pippard ATF Pippard Superannuation Fund	0.5	0.3%	0.0	0.0%
Oreti Plains Pty Limited	8.4	5.5%	1.3	0.8%
Gurluchi Pty Limited	8.1	5.3%	3.3	2.1%
Cip Investments Pty Ltd ATF Gurr Superannuation Fund	1.2	0.8%	1.4	0.9%
Curntrus Pty Limited	8.1	5.3%	3.3	2.1%
Curnick Investments Pty Ltd ATF the Curnick Superannuation Fund	1.2	0.8%	1.4	0.9%
Afrus Pty Limited	8.1	5.3%	3.3	2.1%
Afrus Super Pty Ltd ATF Afrus Superannuation Fund	1.2	0.8%	1.4	0.9%
Talabah Pty Limited	9.8	6.4%	5.4	3.5%
Aliand Pty Ltd ATF Talabah super fund	0.0	0.0%	0.5	0.3%
Wombee Pty Limited	7.9	5.2%	4.0	2.5%
Animabubble Pty Ltd ATF the Irani Davies Superannuation Fund	0.5	0.3%	0.5	0.3%
Bergtrus Pty Limited	6.5	4.2%	4.0	2.5%
Kortrus Pty Limited	6.0	3.9%	3.8	2.4%
Shantay Pty Limited	6.5	4.2%	3.8	2.4%
Masseytrus Pty Limited	6.5	4.2%	3.8	2.4%
O'Brientrus Pty Limited	5.2	3.4%	2.8	1.8%
O'Brienclark Pty Ltd ATF O'Brienclark Superannuation Fund	1.2	0.8%	0.9	0.6%
Assonet Pty Limited	7.9	5.2%	2.8	1.8%
Heuztrus Pty Limited	5.5	3.6%	3.5	2.2%

Existing Owners	At Prospectus Date		At Completion of the Offer	
	Shares (m)	%	Shares (m)	%
Ednic Pty Limited	2.9	1.9%	2.8	1.8%
Genocchio Pty Ltd ATF the Genocchio Superannuation Fund – ACN 165 857 849	0.8	0.5%	0.9	0.6%
Rossard Pty Limited	5.0	3.3%	3.3	2.1%
Nadira Holdings Pty Limited	0.5	0.3%	0.5	0.3%
Nadira Holdings (S) Pte Ltd	0.8	0.5%	1.9	1.2%
KJ Robinson	0.0	0.0%	1.5	1.0%
Total	152.0	100.0%	78.4	49.8%

Note:

Totals may differ due to rounding.

None of the Existing Owners will hold or have voting power in 5% or more of the Shares on the Completion of the Offer. The Directors do not expect any Shareholder to control the Company on the Completion of the Offer.

7.5 Escrow arrangements

ASX has advised IPH that none of the Shares that will be held by the Existing Owners following Completion of the Offer will be classified as restricted securities by ASX and accordingly they will not be subject to mandatory escrow.

However, each of the Existing Owners that will continue to hold any Shares on Completion of the Offer has entered into voluntary escrow arrangements under which they have undertaken to IPH not to dispose of any interest in or to grant any security over any of the 78.4 million Shares held by them collectively on Completion of the Offer.

IPH and those Existing Owners have entered into the voluntary escrow arrangements to align the interests of those Existing Owners with those of New Shareholders and to promote an orderly market for the Shares by preventing any further sell-down of Shares by those Existing Owners for 2 years after the Shares are listed.

These restrictions will terminate on the second anniversary of the Listing Date.

However, these restrictions may be released early to enable an Existing Owner to accept an offer under a takeover bid (including a proportional takeover bid) in relation

to their Shares provided holders of not less than 50% of the Shares not subject to restrictions then on issue have accepted the takeover bid or to enable the Shares of an Existing Owner to be transferred or cancelled as part of a merger by way of a scheme of arrangement under Part 5.1 of the Corporations Act. Additionally, each Existing Owner is entitled to:

- transfer any or all of its Shares held on Completion of the Offer to an entity controlled by the Existing Owner (provided the entity has agreed to be bound by the restrictions that apply to the Existing Owner); and
- deal with any or all of its Shares held on Completion of the Offer, if IPH has provided prior written consent and the Existing Owner can demonstrate to the Board that action is necessary to alleviate financial hardship.

The undertakings given by the Existing Owners may give IPH a “relevant interest” in these Shares for the purposes of the Corporations Act. However, IPH has obtained relief from ASIC so that the takeovers provisions of the Corporations Act will not apply to these relevant interests – see section 9.8.2 for further details.

7.6 Corporate, financial and other information about IPH

Details of IPH's formation, registration and tax status, along with information regarding the Group's corporate structure and the acquisitions from the Existing Owners, are set out at section 9.

The Company's pro forma balance sheet as at 30 June 2014, including details of the pro forma adjustments, is set out in section 5.4.

The Company's capitalisation and indebtedness as at 30 June 2014, before and following completion of the Offer, is set out in section 5.11.

The Directors believe that, on Completion of the Offer, the Company will have sufficient working capital available to carry out its stated business objectives.

7 DETAILS OF THE OFFER

CONTINUED

7.7 Terms and conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in IPH).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to these, is set out in section 7.15 below.
What is the consideration payable for each security being offered?	The Offer Price is \$2.10 per Share. Successful applicants under the Offer will pay the Offer Price per Share.
What is the Offer period?	The key dates, including details of the Offer period, are set out in the Key Offer Information at the front of this Prospectus. No securities will be issued on the basis of this Prospectus later than the Expiry Date of 9 November 2015.
What are the cash proceeds to be raised?	\$165.9 million is expected to be raised by SaleCo under the Offer based on the Offer Price.
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer and the Institutional Offer will be determined by the Joint Lead Managers in consultation with the Company, having regard to the allocation policy outlined in sections 7.8.3 and 7.10.2. With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among eligible retail clients. For further information on the Broker Firm Offer, refer to section 7.8. The allocation of Shares among applicants in the Institutional Offer will be determined by the Joint Lead Managers in consultation with the Company. For further information on the Institutional Offer, refer to section 7.10. With respect to the Employee Award Offer, all Eligible Employees will be offered the opportunity to apply for 476 Shares each for no consideration. For further information on the Employee Award Offer, refer to section 7.9.
When will I receive confirmation whether my application has been successful?	It is expected that initial holding statements will be mailed by standard post on or about 14 November 2014. Refunds (without interest) to applicants who make an application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after settlement of the Offer.

Topic	Summary
Will the Shares be quoted?	The Company will apply within seven days of the Prospectus Date for admission to the official list and quotation of the Shares on ASX under the code "IPH". Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest, as soon as practicable in accordance with the requirements of the Corporations Act. The Company will be required to comply with the Listing Rules, subject to any waivers obtained by the Company from time to time. ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of IPH or the Shares offered for subscription.
When are the Shares expected to commence trading?	It is expected that trading of the Shares on ASX will commence on or about 19 November 2014. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. The Company and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the IPH Offer Information Line, by a Broker or otherwise.
Is the Offer underwritten?	Yes. The Joint Lead Managers have fully underwritten the Offer (other than the Employee Award Offer). Details are provided in section 9.6.
Are there any escrow arrangements?	Yes. Details are provided in section 7.5.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer. See section 9.6 for details of various fees payable by the Company to the Joint Lead Managers.
What should I do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the IPH Limited Offer Information Line on 1300 653 497 (within Australia) or +61 1300 653 497 (outside Australia) from 8.30am until 5.30pm (AEDT) Monday to Friday during the Offer Period. If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

7 DETAILS OF THE OFFER

CONTINUED

7.8 Broker Firm Offer

Topic	Summary
Who can apply in the Broker Firm Offer?	Australian and New Zealand resident investors who are not Institutional Investors and who have received a firm allocation from a Broker. Investors should contact the Broker that offered them their firm allocation to determine whether they have been allocated Shares under the Broker Firm Offer.
How to apply for Shares in the Broker Firm Offer	Complete the Application Form accompanying this Prospectus. Contact your Broker for further instructions. Broker Firm Applicants must lodge their Application Form and Application Monies with the Broker that offered them their firm allocation in accordance with that Broker's directions.
What is the minimum and maximum Application amount?	The minimum Application amount is \$2,000. There is no maximum Application amount.
What is the Offer Period?	The Broker Firm Offer is expected to: • open at 9.00am (AEDT) on 27 October 2014; and • close at 5.00pm (AEDT) on 10 November 2014. Your Broker may impose an earlier closing date. Please contact your Broker for instructions.
Can I apply for Shares prior to the opening of the Broker Firm Offer?	Your Broker may elect to receive your Applications prior to the opening of the Broker Firm Offer during the Exposure Period. However, Applications received during the Exposure Period will not be processed until the opening of the Broker Firm Offer. No preference will be conferred on Applications received during the Exposure Period.
What is the Exposure Period?	The seven day period after the date of lodgement of this Prospectus allowing for the Prospectus to be examined by market participants prior to the raising of funds. This period may be extended by ASIC by up to a further seven days.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Broker Firm Offer.
How can I obtain a copy of this Prospectus and Application Form?	By downloading a Prospectus and Application Form from www.iphltd.com.au or by requesting a Prospectus by contacting the IPH Limited Offer Information Line on 1300 653 497 (within Australia) or +61 1300 653 497 (outside Australia) from 8.30am until 5.30pm (AEDT) Monday to Friday during the Offer Period.

7.8.1 Application Monies

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions from the Broker that offered them the firm allocation.

Application Monies received under the Offer will be held on trust in a special purpose account until Shares are issued to successful Applicants. Applicants under the Offer whose Applications are not accepted, or who are allocated a lesser dollar amount of Shares than the amount applied for, will be mailed a refund (without interest) of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

You should ensure that sufficient funds are held in the relevant account to cover your Application Monies. If the amount of Application Monies is less than the amount specified on the Application Form, you may (unless your Broker advises otherwise) be taken to have applied for such lower dollar amount of Shares as for which your cleared Application Monies will pay (and to have specified that amount on your Application Form) or your Application may be rejected.

7.8.2 Acceptance of Applications

An Application in the Broker Firm Offer is an offer by the Applicant to the Company and SaleCo to acquire Shares, for all or any of the Application Amount specified in and accompanying the Application Form, at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form. To the extent permitted by law, the offer by an Applicant is irrevocable.

An Application may be accepted by the Company and the Joint Lead Managers in respect of the full amount, or any lower amount than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application in full or in part will give rise to a binding contract.

The Joint Lead Managers and the Company reserve the right to reject any Application under the Offer. All dates are subject to change and are indicative only. The Company and the Joint Lead Managers have the right to vary these dates, without prior notice, including the right to close the Offer early or to withdraw the Offer and to accept late Applications (either generally or in particular cases). Applicants are encouraged to submit their Application Forms as early as possible.

7.8.3 Allocation policy under Broker Firm Offer

The allocation of firm stock to Brokers will be determined by the Joint Lead Managers in consultation with the Company. Applications relating to firm stock allocated to Brokers for allocation to their Australian and New Zealand resident Broker clients will not be scaled back by the Company (subject to the right of the Company and the Joint Lead Managers to reject Applications which are for more than \$250,000 worth of Shares, or which are from persons whom they believe may be Institutional Investors). It will be a matter for the Brokers as to how they make firm allocations among their Broker clients and they (and not the Company and the Joint Lead Managers) will be responsible for ensuring that Broker clients who have received a firm allocation from them receive the relevant Shares. The Joint Lead Managers will be instructed by the Company to allocate firm stock to certain participants in the Broker Firm Offer.

7.8.4 Announcement of allocation policy under Broker Firm Offer

Successful Applicants will be notified in writing of the number of Shares allocated to them as soon as possible in the form of an initial holding statement. Initial holding statements are expected to be completely despatched on or around 14 November 2014.

Broker Firm Offer Applicants wishing to find out their Allocation prior to receiving an initial holding statement should contact their Broker. However, if you are an Applicant in the Broker Firm Offer and sell Shares before receiving an initial holding statement, you do so at your own risk, even if you have obtained details of your holding from your Broker.

Shares are expected to commence trading on ASX on a normal settlement basis on or about 19 November 2014.

7.9 Employee Award Offer

All Eligible Employees are entitled to participate in the Employee Award Offer. Eligible Employees are all permanent full-time and permanent part-time employees of the Group in Australia who have been employed by the Group for at least 12 months as at 5.00pm Sydney time on the date of issue and allotment of Shares under the Offer that are not eligible to participate in the LTIP or the retention arrangements described in section 6.4.4.

Eligible Employees will be offered the opportunity to apply for 476 Shares each for no consideration payable to IPH.

7 DETAILS OF THE OFFER

CONTINUED

A separate offer letter, together with access to this Prospectus, will be provided to Eligible Employees, detailing the terms of the Employee Award Offer. Eligible Employees should read the separate offer letter and this Prospectus, carefully and in their entirety before deciding whether to apply under the Employee Award Offer, including the summary of Australian tax issues contained in the Offer letter. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, tax adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

All permanent full-time and permanent part-time employees of the Group in Singapore who have been employed by the Group for at least 12 months as at 5.00pm Sydney time on 8 October 2014 (provided that they remain so employed at the date of issue and allotment of Shares under the Offer) that are not eligible to participate in the LTIP or the retention arrangements described in section 6.4.4 will be given a one-off cash bonus of \$1,000 or an equivalent amount in Singapore dollars in lieu of being invited to participate in the Employee Award Offer.

7.10 Institutional Offer

7.10.1 Invitations to bid

The Institutional Offer consists of an invitation prior to or after the date of this Prospectus to certain Institutional Investors in Australia, New Zealand, Singapore and certain other jurisdictions to apply for Shares under this Prospectus. Application procedures for Institutional Investors have been, or will be, advised to the Institutional Investors by the Joint Lead Managers.

7.10.2 Allocation policy under the Institutional Offer

The allocation of Shares among Applicants in the Institutional Offer is determined by the Joint Lead Managers in consultation with the Company. The Joint Lead Managers, in consultation with the Company, will have absolute discretion regarding the basis of allocation of Shares among Institutional Investors and there is no assurance that any Institutional Investor will be allocated any Shares, or the number of Shares for which it has bid. The allocation policy will be influenced by the following factors:

- number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders;
- desire for an informed and active trading market following listing on ASX;
- desire to establish a wide spread of institutional shareholders;
- overall level of demand under the Broker Firm Offer and the Institutional Offer;
- the size and type of funds under management of particular bidders;
- the likelihood that particular bidders will be long-term shareholders; and
- any other factors that IPH and the Joint Lead Managers considered appropriate.

7.11 Underwriting agreement

The Offer (other than the Employee Award Offer) is fully underwritten. The Joint Lead Managers, IPH and SaleCo have entered into an underwriting agreement under which the Joint Lead Managers have been appointed as arrangers and managers and underwriters to the Offer. The Joint Lead Managers agree, subject to certain conditions and termination events, to underwrite Applications for all Shares under the Offer in equal proportions. The underwriting agreement sets out a number of circumstances under

which the Joint Lead Managers may terminate the agreement and the underwriting obligations. A summary of certain terms of the agreement and underwriting arrangements, including the termination provisions, is provided in section 9.6.

7.12 Discretion regarding the Offer

IPH and SaleCo may withdraw the Offer at any time before the issue of Shares to successful applicants under the Broker Firm Offer, the Employee Award Offer and the Institutional Offer respectively. If the Offer, or any part of it, does not proceed, all relevant application monies will be refunded (without interest) in accordance with the requirements of the Corporations Act.

IPH, SaleCo and the Joint Lead Managers also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late applications or bids either generally or in particular cases, reject any application or bid, or allocate to any applicant or bidder fewer Shares than the amount applied or bid for. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law.

7.13 Selling restrictions

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise permit a public offering of the Shares in any jurisdiction outside Australia and New Zealand. The Offer is not an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Offer and the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons, except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and any other applicable securities laws.

This Prospectus may not be distributed in the United States and may only be distributed to persons to whom the Offer may be lawfully made in accordance with the laws of any applicable jurisdiction.

Each Applicant will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act 1933 or the securities law of any state of the United States and may not be offered, sold or resold in the United States, or to or for the account or benefit of US Persons, except in a transaction exempt from, or not subject to, registration under the US Securities Act 1933 and any other applicable securities laws;
- it is not in the United States or a US Person, and is not acting for the account or benefit of a US Person; and
- it has not and will not send the Prospectus or any other material relating to the Offer to any person in the United States or to any person that is, or is acting for the account or benefit of, a US Person; and it will not offer or sell the Shares in the United States or to, or for the account or benefit of, any US Person or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act 1933 and in compliance with all applicable laws in the jurisdiction in which Shares are offered or sold.

7.14 ASX listing, registers and holding statements

7.14.1 Application to ASX for listing and quotation of Shares

Application for admission of the Company to the official list of ASX and quotation of the Shares on ASX will be made to ASX no later than seven days after the date of this Prospectus. IPH's expected ASX code will be IPH.

If the Company does not make such an application within seven days after the date of this Prospectus, or the Company is not admitted to the official list of ASX within three months of the date of this Prospectus (or any longer period permitted by law), the Offer will be cancelled and all Application Monies will be refunded (without interest).

The fact that ASX may admit IPH to the official list is not to be taken as an indication of the merits of IPH or the Shares offered for subscription. Trading of Shares on ASX, if admission to the official list is granted, is expected to commence on or about 19 November 2014.

Subject to certain conditions (including any waivers obtained by IPH from time to time), IPH will be required to comply with the ASX Listing Rules.

7.14.2 CHESS and Issuer sponsored holdings

The Company will apply to participate in ASX's Clearing House Electronic Subregister System (CHESS), in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, an electronic CHESS subregister or an issuer sponsored subregister. For all successful Applicants, the Shares of

a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Securityholder Reference Number (SRN) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

7.15 Description of the Shares

7.15.1 Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the official list of ASX.

7.15.2 Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held.

7 DETAILS OF THE OFFER

CONTINUED

7.15.3 Meetings of members

Each Shareholder is entitled to receive notice of, attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.

7.15.4 Dividends

The Board may from time to time resolve to pay dividends to Shareholders and fix the amount of the dividend, the time for determining entitlements to the dividend and the timing and method of payment. For further information in respect of the Company's proposed dividend policy, see section 5.15.

7.15.5 Transfer of Shares

Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by a written instrument of transfer which complies with the Constitution or by any other method permitted by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

The Board may refuse to register a transfer of Shares where permitted to do so under the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules. The Board must refuse to register a transfer of Shares when required to by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

7.15.6 Issue of further shares

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules and any rights and restrictions attached to a class of shares, the Company may issue, or grant options in respect of, or otherwise dispose of, further shares on such terms and conditions as the Directors resolve.

7.15.7 Winding up

If the Company is wound up, then subject to the Constitution and any special resolution or preferential rights or restrictions attached to a class of shares, any surplus must be divided among the Company's members in the proportions which the amount paid and payable (including amounts credited) on the shares of a member is of the total amount paid and payable (including amounts credited) on the shares of all members of the Company.

7.15.8 Unmarketable parcels

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares (unless the Shareholder has notified the Company in writing that they wish to retain their Shares).

7.15.9 Share buy-backs

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Company may buy back shares in itself on terms and at times determined by the Board.

7.15.10 Variation of class rights

At present, the Company's only class of shares on issue is ordinary shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

- with the consent in writing of the holders of three-quarters of the issued shares included in that class; or
- by a special resolution passed at a separate meeting of the holders of those shares.

In either case, in accordance with the Corporations Act, the holders of not less than 10% of the votes in the class of shares, the rights of which have been varied or cancelled, may apply to a court of competent jurisdiction to exercise its discretion to set aside such variation or cancellation.

7.15.11 Dividend reinvestment plan

The Directors may, on any terms and at their discretion, establish a dividend reinvestment plan (under which any member may elect that the dividends payable by the Company be reinvested by a subscription for securities). The Directors have no current intention to establish a dividend reinvestment plan.

7.15.12 Directors – appointment and rotation

Under the Constitution, the minimum number of Directors that may comprise the Board is three and the maximum is fixed by the Directors but may not be more than seven unless the Shareholders pass a resolution varying that number. Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that no Director (excluding the Managing Director) holds office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of the Company.

7.15.13 Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting does not have a casting vote.

7.15.14 Directors – remuneration

The Directors, other than an executive Director (of which there is one, the Managing Director, David Griffith, as at the Prospectus Date), will be paid by way of fees for services up to the maximum aggregate sum of \$750,000 per annum or such other amount as may be approved from time to time by the Company in general meeting. The initial remuneration of the Directors is set out in section 6.4.2.2. The Constitution also makes provision for the Company to pay all reasonable expenses of Directors in attending meetings and carrying on their duties.

7.15.15 Indemnities

The Company, to the extent permitted by law, indemnifies each Director against any liability incurred by that person as an officer of the Company or its subsidiaries, and reasonable legal costs incurred by that person in defending an action for a liability of that person. The Company, to the extent permitted by law, may make a payment (whether by way of an advance, loan or otherwise) to a Director in respect of legal costs incurred by that person in defending an action for a liability of that person.

The Company, to the extent permitted by law, may pay, or agree to pay, a premium for a contract insuring any Director against any liability incurred by that person as an officer of the Company or its subsidiaries and legal costs incurred by that person in defending an action for a liability of that person.

The Company, to the extent permitted by law, may enter into an agreement or deed with a Director or a person who is, or has been, an officer of the Company or its subsidiaries, under which the Company must do all of the following:

- keep books of the Company and allow either or both that person and that person's advisers access to those books on the terms agreed;
- indemnify that person against any liability incurred by that person as an officer of the Company or its subsidiaries and legal costs incurred by that person in defending an action for a liability of that person;
- make a payment (whether by way of advance, loan or otherwise) to that person in respect of legal costs incurred by that person in defending an action for a liability of that person; and
- keep that person insured in respect of any act or omission by that person while a Director, or an officer of the Company or its subsidiaries, on the terms agreed (including as to payment of all or part of the premium for the contract for insurance).

7.15.16 Amendment

The Constitution may be amended only by special resolution passed by at least three-quarters of the Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company. The Company must give at least 28 days, written notice of a general meeting of the Company.

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INVESTIGATING ACCOUNTANT'S REPORT





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

The Directors
IPH (SaleCo) Pty Limited
Level 35, St. Martins Tower
31 Market Street
Sydney NSW 2000

Deloitte Corporate Finance Pty Limited
ACN 003 833 127
AFSL 241457

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

Tel: +61 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

9 October 2014

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the directors (the Directors) of IPH Limited (the Company) for inclusion in the prospectus (the Prospectus) to be issued by the Company and IPH (SaleCo) Pty Limited in respect of the initial public offering of fully paid ordinary shares in the Company (the Offer) and listing of the Company on the Australian Securities Exchange.

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence under the Corporations Act 2001(Cth) for the issue of this report.

References to the Company and other terminology used in this report have the same meaning as defined in the Glossary of the Prospectus.

Scope

Pro forma Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company to review:

- the Pro forma Historical Consolidated Income Statements for the years ended 30 June 2013 and 30 June 2014 which are included in Table 1 of Section 5.3 of the Prospectus;
- the Pro forma Historical Consolidated Balance Sheet as at 30 June 2014 which is included in Table 3 of Section 5.4 of the Prospectus; and
- the Pro forma Historical Consolidated Cash Flow Statements for the years ended 30 June 2013 and 30 June 2014 which are included in Table 4 of Section 5.5 of the Prospectus;

(together the Pro forma Historical Financial Information).

The Pro forma Historical Financial Information has been derived from:

- the audited consolidated financial statements of the Spruson & Ferguson Trust for the year ended 30 June 2014 (including comparative information for the year ended 30 June 2013) (the Statutory Historical Financial Information); and
- the pro forma adjustments applied to the Statutory Historical Financial Information to illustrate the effects of events and transactions related to the Offer on the Company as described in Section 5.4 and 5.6 of the Prospectus.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

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The Statutory Historical Financial Information has been extracted from the financial report of the Spruson & Ferguson Trust for the year ended 30 June 2014 (including comparative information for the year ended 30 June 2013), which was audited by Deloitte Touche Tohmatsu in accordance with the Australian Auditing Standards. Deloitte Touche Tohmatsu issued an unmodified audit opinion on the financial report.

The Pro forma Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001 (Cth).

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in section 5.2 of the Prospectus, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro forma Historical Financial Information does not represent the company's actual or prospective financial position, financial performance, or cash flows.

The Forecast Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company to review:

- ***Statutory Forecast Financial Information***
 - the Statutory Forecast Consolidated Income Statement for the year ending 30 June 2015 which is included in Table 1 of Section 5.3 of the Prospectus;
 - the Statutory Forecast Consolidated Cash Flow Statement for the year ending 30 June 2015 which is included in Table 4 of Section 5.5 of the Prospectus;
- ***Pro forma Forecast Financial Information***
 - the Pro forma Forecast Consolidated Income Statement for the year ending 30 June 2015 which is included in Table 1 of Section 5.3 of the Prospectus; and
 - the Pro forma Forecast Consolidated Cash Flow Statement for the year ending 30 June 2015 which is included in Table 4 of Section 5.5 of the Prospectus;

(together the Forecast Financial Information).

The Directors' best-estimate assumptions underlying the Statutory Forecast Financial Information are described in Section 5.9 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies (included in Appendix A to the Prospectus);

The Pro forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information, after adjusting for the effects of the pro forma transactions and/or adjustments described in Section 5.6 of the Prospectus (the Pro forma Adjustments). The stated basis of preparation used in the preparation of the Pro forma Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Forecast Financial Information and the events or transactions to which the Pro forma Adjustments relate, as if those events or transactions had occurred as at 1 July 2014. Due to its nature the Pro forma Forecast Financial Information does not represent the Company's actual prospective financial performance and cash flows for the year ending 30 June 2015.

The Forecast Financial Information has been prepared by management and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance of the Group for the year ending 30 June 2015. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material.



The Directors' best estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the assumptions on which the Forecast Financial Information is based, however such evidence is generally future orientated and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best estimate assumptions. We do not express any opinion on the achievability of the results. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties relating to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the prospective financial information. Accordingly prospective investors should have regard to the investment risks and sensitivities set out in Section 4 of the Prospectus. The sensitivity analysis set out in Section 5.10 of the Prospectus demonstrates the impacts on the Forecast Financial Information of changes in key assumptions. The Forecast Financial Information is therefore only indicative of the financial performance which may be achievable. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Directors' Responsibility

The Directors are responsible for:

- the preparation and presentation of the Historical Financial Information, including the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro forma Historical Financial Information;
- the preparation of the Forecast Financial Information, including the best estimate assumptions underlying the Forecast Financial Information and the selection and determination of the pro forma adjustments made to the Statutory Forecast Financial Information and included in the Pro forma Forecast Financial Information; and
- the information contained within the Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Historical Financial Information and the Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Pro forma Historical Financial Information, the Statutory Forecast Financial Information and the Pro forma Forecast Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagement (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review 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 reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we will not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.



Conclusions

Pro forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro forma Historical Financial Information is not presented fairly in all material respects, on the basis of the pro forma adjustments described in Sections 5.4 and 5.6 of the Prospectus and in accordance with the recognition and measurement principles contained in Australian Accounting Standards and the accounting policies adopted by the Company as disclosed in Appendix A of the Prospectus.

Statutory Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- (i) the Directors' best estimate assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information;
- (ii) in all material respects, the Statutory Forecast Financial Information:
 - a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 5.9 of the Prospectus;
 - b. is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the accounting policies adopted and used by the Company as disclosed in Appendix A of the Prospectus; and
- (iii) the Statutory Forecast Financial Information itself is unreasonable.

Pro forma Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- (i) the Directors' best estimate assumptions used in the preparation of the Pro forma Forecast Financial Information do not provide reasonable grounds for the Pro forma Forecast Financial Information;
- (ii) in all material respects, the Pro forma Forecast Financial Information:
 - a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 5.9 of the Prospectus;
 - b. is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the accounting policies adopted and used by the Company as disclosed in Appendix A of the Prospectus, applied to the Statutory Forecast Financial Information and the Pro forma Adjustments as if those adjustments had occurred as at 1 July 2014; and
- (iii) the Pro forma Forecast Financial Information itself is unreasonable.

Restrictions on Use

Without modifying our conclusions, we draw attention to Section 5.1 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.



Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of the Company.

Yours faithfully
Deloitte Corporate Finance Pty Limited

A handwritten signature in black ink, appearing to read "Steve Shirtliff", written over a horizontal line.

Steve Shirtliff
Director



Financial Services Guide

What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds and regulated emissions units (i.e., carbon) to retail and wholesale clients.

Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we and all employees remunerated?

Our fees are usually determined on a fixed fee or time cost basis and may include reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us. Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

We are ultimately controlled by the Deloitte member firm in Australia (Deloitte Touche Tohmatsu). Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We and other entities related to Deloitte Touche Tohmatsu:

- do not have any formal associations or relationships with any entities that are issuers of financial products
- may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Fax: +61 2 9255 8434

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
info@fos.org.au
www.fos.org.au
Tel: 1300 780 808
Fax: +61 3 9613 6399

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

1 February 2013

Deloitte Corporate Finance Pty Limited, ABN 19 003 883 127, AFSL 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Member of Deloitte Touche Tohmatsu Limited



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ADDITIONAL INFORMATION

9 ADDITIONAL INFORMATION

9.1 Registration

The Company was incorporated in Victoria, Australia on 9 April 2014 as a public company limited by shares.

9.2 Tax status

The Company will be taxed as an Australian tax resident public company for the purpose of Australian income tax law.

9.3 Corporate structure

The following diagram shows the corporate structure of IPH on completion of the Offer. Refer to section 9.4 for an explanation of the Restructure which will occur prior to the Listing Date (the effect of which is reflected in the diagram below).

9.4 Restructure

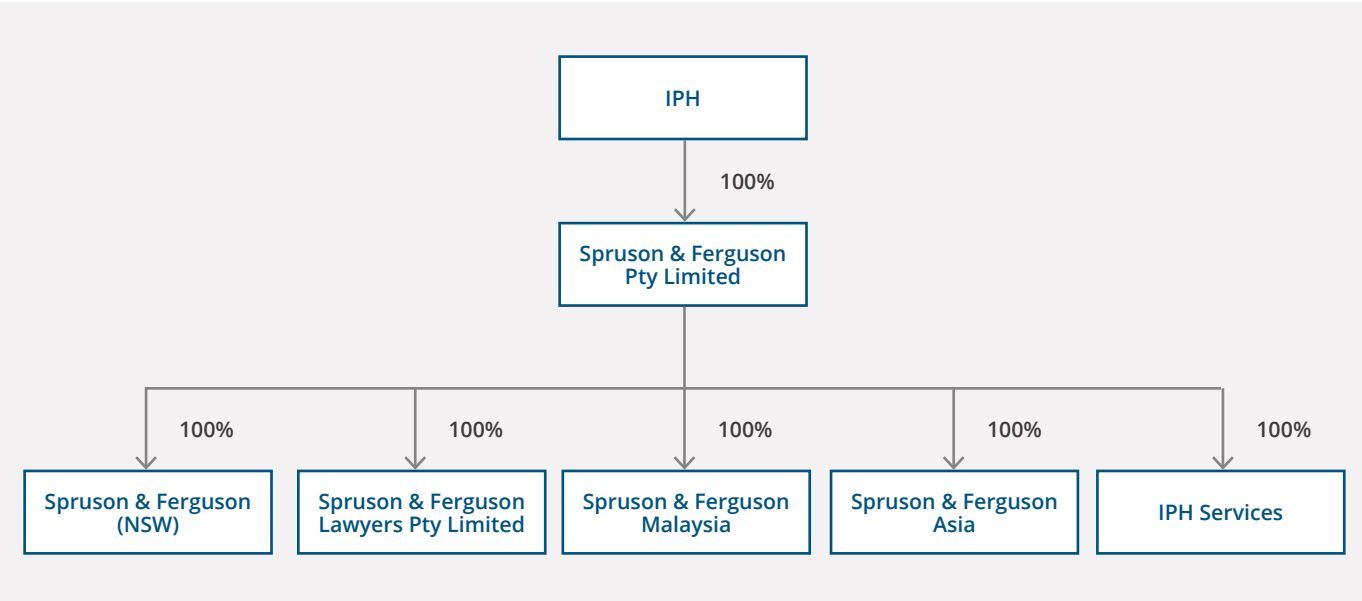
In anticipation of Listing, the Group is undertaking a restructure.

Prior to commencement of the restructure, the Australian operations of Spruson & Ferguson were undertaken through two separately held unit trusts, being the Spruson & Ferguson Trust and the Spruson & Ferguson Lawyers Trust. 19 of the Principals were the Trustees of the Spruson & Ferguson Trust and 3 of the Principals were the trustees of the Spruson & Ferguson Lawyers Trust. The Spruson & Ferguson Lawyers Trust was not economically owned by the Spruson & Ferguson Trust however historically distributed its income to the Spruson & Ferguson Trust. The Spruson & Ferguson Trust was the beneficial owner of the majority of the shares in Spruson & Ferguson Asia and of all of the shares in each of Spruson & Ferguson Malaysia and Spruson & Ferguson (NSW). The units in the Spruson & Ferguson Trust were owned by some of the Existing Owners.

Prior to the Prospectus Date, as part of the restructure:

- each of IPH Services and Spruson & Ferguson Lawyers Pty Limited were incorporated and the Spruson & Ferguson Trust became the beneficial owner of all of the shares in them;
- Spruson & Ferguson Lawyers Pty Limited commenced carrying on a legal practice on 1 August 2014;
- IPH was issued one A class unit, 1 C class unit and 1 ordinary unit in the Spruson & Ferguson Trust (“Bundle of Units”) and all other issued units in the Spruson & Ferguson Trust were cancelled in return for which IPH issued Shares to the holders of those cancelled units as consideration for such cancellation. One Share was issued for each Bundle of Units that was cancelled. IPH became the sole unit holder in the Spruson & Ferguson Trust and a member of the tax consolidated group of IPH;

Chart 25 – Summary of Group structure



Source: Spruson & Ferguson

- the Spruson & Ferguson Trust transferred its business and its interests in the shares of Spruson & Ferguson Asia, Spruson & Ferguson Malaysia, Spruson & Ferguson Lawyers Pty Limited, Spruson & Ferguson (NSW) and IPH Services to Spruson & Ferguson Pty Limited (a wholly owned subsidiary of IPH); and
- each of the Principals associated with the Existing Owners (other than Robert Miller) entered into a new executive service agreement with the Group, conditional on Listing.

The restructure steps that will take place after the Prospectus Date and prior to Listing are as follows:

- some of the Existing Owners will sell Shares to other Existing Owners at a price of \$0.429137 per Share;
- Spruson & Ferguson Pty Limited will acquire the minority interest of shares in Spruson & Ferguson Asia from Kristian Robinson, conditional on Listing. Spruson & Ferguson Asia will then be a wholly owned subsidiary of IPH. IPH will issue 5,406,666 Shares to Kristian Robinson (or as directed by him) in consideration for this;
- each of the Existing Owners will sell to SaleCo some of their Shares in IPH. The price payable by SaleCo for these Shares is the Offer Price. Details are set out in section 9.5; and
- the Spruson & Ferguson Trust will be vested and terminated.

As part of the Restructure, Spruson & Ferguson Pty Limited has agreed to assume all liabilities of the business of the Spruson & Ferguson Trust other than fines, penalties, damages or awards made by any government or regulatory authority in relation to the conduct of the Business that do not arise in the ordinary course, GST liabilities that do not arise in the ordinary course and stamp duty, customs duty or similar duties imposed in relation to the business or the Spruson & Ferguson Trust. Spruson & Ferguson Pty Limited has agreed to indemnify the Trustees from all liabilities, actions, proceeds,

accounts, claims or demands (and associated reasonable costs and expenses) relating to the such assumed liabilities, except to the extent that they would not have been entitled to an indemnity under the Spruson & Ferguson Trust Deed as Trustees.

The Trustees, in their personal capacity, have agreed to bear the cost of, and indemnify Spruson & Ferguson Pty Limited against, any duty in any jurisdiction that arises in connection with the transfer by the Spruson & Ferguson Trust of its business and its interests in the shares of Spruson & Ferguson Asia, Spruson & Ferguson Malaysia, Spruson & Ferguson Lawyers Pty Limited and IPH Services to Spruson & Ferguson Pty Limited.

9.5 Sale of Shares by SaleCo

SaleCo, a special purpose vehicle, has been established to facilitate the sale of Shares by some of the Existing Owners.

Each selling Existing Owner has irrevocably offered to sell to SaleCo some of their Shares, which will be available for sale by SaleCo into the Offer, free from encumbrances and third party rights.

The Shares which SaleCo acquires from the Existing Owners will be transferred to successful Applicants at the Offer Price. The price payable by SaleCo to the selling Existing Owners for these Shares is the Offer Price.

SaleCo has no material assets, liabilities or operations other than its interests in and obligations under the Underwriting Agreement. The sole shareholder, director and secretary of SaleCo is David Griffith.

IPH has agreed to indemnify David Griffith for any loss suffered or incurred by him in his capacity as the sole director, secretary and shareholder of SaleCo that arises in connection with the Offer (excluding any loss arising from any criminal, fraudulent, dishonest or malicious act), to the extent that such loss is not reimbursed by SaleCo or covered by the directors' and officers'

liability insurance effected by IPH or the prospectus liability insurance intended to be effected by IPH, and only to the extent permitted by law.

In addition, each of the Trustees (other than David Griffith) and Existing Owners (other than those associated with David Griffith) have indemnified David Griffith for any loss which he may incur in connection with the Offer (excluding any loss arising from any criminal, fraudulent, dishonest or malicious act), to the extent that such loss is not reimbursed by SaleCo, covered by the directors' and officers' liability insurance effected by IPH or the prospectus liability insurance intended to be effected by IPH or covered by the indemnity from IPH referred to above.

9.6 Underwriting agreement

The Offer is being underwritten by the Joint Lead Managers pursuant to an Offer management and underwriting agreement dated 9 October 2014 between the Company, SaleCo and the Joint Lead Managers. Under the Offer management and underwriting Agreement, the Joint Lead Managers have agreed to manage and underwrite the Offer.

For the purpose of this section 9.6, 'Offer Documents' includes any of the following documents issued or published by, or on behalf of, and with the authorisation of, the Company in respect of the Offer, and in the form agreed by the Joint Lead Managers:

- this Prospectus and any supplementary prospectus;
- the pathfinder version of this Prospectus that was distributed prior to the Prospectus Date;
- the Application Form and the confirmation letters to confirm an Institutional Investor's commitment to participate in the Offer;
- any communications presented or provided to prospective investors (including any roadshow presentation and management presentations or other investor

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presentations) by or on behalf of the Company and SaleCo; and

- all documents and public and other media statements made by or on behalf of the Company, SaleCo or any member of the Group in relation to the affairs of the Company, SaleCo, the Group or the Offer.

9.6.1. Commissions, fees and expenses

The Company must pay the Joint Lead Managers in accordance with the Offer management and underwriting a management fee of 0.5%, of the total Offer proceeds and may, in the discretion of the Company, elect to pay an incentive fee of a further 0.5% of the total Offer proceeds. SaleCo must pay to the Joint Lead Managers in accordance with the Offer management and underwriting agreement an underwriting fee equal to 2% of the total Offer proceeds. These fees are exclusive of GST and must be paid to the Joint Lead Managers in equal proportions.

The Company has agreed to reimburse the Joint Lead Managers for certain agreed costs and expenses incurred by the Joint Lead Managers in relation to the Offer.

9.6.2. Conditions precedent

The Offer management and underwriting agreement is subject to a number of conditions precedent, including the entry into and completion of all transaction documents to effect the Restructure and voluntary escrow deeds by the Existing Owners, ASIC and ASX granting the waivers and modifications necessary to enable the Offer to proceed in accordance with the timetable and the New Banking Facilities not being void, voidable, terminated, rescinded or breached or amended prior to the Settlement Date and no circumstances existing entitling a party to the New Banking Facilities to terminate them or result in a condition precedent to an obligation under the New Banking Facilities being incapable of satisfaction, as well as other standard

conditions precedent. The Joint Lead Managers are not required to underwrite the Offer if any of these conditions precedent is not satisfied.

9.6.3. Termination events

A Joint Lead Manager may terminate the Offer management and underwriting agreement at any time if any of the following events, among others, occur:

- a statement contained in any of the Offer Documents is misleading or deceptive (including by omission) or likely to mislead or deceive or becomes misleading or deceptive or a material matter required to be included by the Corporations Act is omitted from the Offer Documents;
- any Offer Document does not comply with any applicable law;
- any forecast or forward-looking statement in any Offer Document becomes incapable of being met or unlikely to be met in the projected time;
- approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to: (i) the Company's admission to the Official List within the specified time or (ii) the quotation of Shares within the specified time and in either case if approval is granted, that approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld or ASX indicates that it is likely to be withdrawn, qualified (other than by customary conditions) or withheld;
- the Company and SaleCo withdraw any Offer Document;
- the Joint Lead Managers reasonably form the view that a supplementary prospectus must be lodged with ASIC under section 719 of the Corporations Act and the Company and SaleCo do not lodge a supplementary prospectus with ASIC in the form and with the content, and within the time, reasonably required by the Joint Lead Managers;
- there is a new circumstance that arises after the Prospectus is lodged with ASIC that would have been required to be included in the Prospectus if it had arisen before lodgement with ASIC and which is materially adverse from the point of view of an investor;
- the Company and SaleCo fail to comply with the requirements of the NZ Mutual Recognition Regulations to enable the Offer to proceed on the basis of the Prospectus under those regulations;
- ASIC or any other government agency commences or threatens to commence any hearing, inquiry, investigation, proceedings or prosecution, or takes any regulatory action or seeks any remedy, in connection with the Company, SaleCo, the Offer, the Offer Documents or the Restructure;
- any of the following occurs:
 - ASIC applies for an order under section 1324B or 1325 of the Corporations Act in relation to the Offer or any Offer Document and the application is not dismissed or withdrawn before the date the Offer Shares are allotted;
 - ASIC holds a hearing in relation to the Offer or any Offer Document under section 739(2) of the Corporations Act or makes an order under section 731 of the Corporations Act or an interim order under section 739(3) of the Corporations Act;
 - an application is made by ASIC for an order under Part 9.5 in relation to the Offer or any Offer Document or ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 in relation to the Offer or any Offer Document; or
 - the New Zealand Companies Office or the New Zealand Securities Commission contacts or gives any notice to the Company and/or SaleCo at any inquiry in relation to the Offer or any Offer Documents;

- any person (other than a Joint Lead Manager) who has previously consented to the inclusion of its name in the Prospectus or any replacement or supplementary prospectus withdraws that consent;
- any person gives a notice under Section 730 of the Corporations Act in relation to the Prospectus or any replacement or supplementary prospectus; or
- the S&P/ASX 200 Index closes at a level that is 12.5% or more below the level of that index at 5.00pm (Sydney time) on the trading day immediately prior to the date of the Offer management and underwriting agreement (i) for 3 consecutive business days at any time before settlement of the Offer; or (ii) on the business day immediately prior to settlement of the Offer;
- an event specified in the Offer timetable is delayed by more than two business days, unless the Joint Lead Managers consent to a variation;
- any circumstance arises after lodgement of the Prospectus that results in the Company and SaleCo (as the case may be) either repaying the Application Monies received from Applicants or offering Applicants an opportunity to withdraw their Applications for Shares and be repaid their Application Monies;
- any of the transaction documents required to effect the Restructure are amended (without the consent of the Joint Lead Managers), materially breached, terminated, become able to be terminated or any condition precedent to completion of any of the documents, in the opinion of the Joint Lead Managers, becomes incapable of being satisfied or a party waives any rights it has under any such document;
- the Company, SaleCo or any Group member becomes insolvent or there is an act or omission that is likely to result in the Company, SaleCo or any other Group member becoming insolvent;

- the Company or SaleCo is or becomes unable, for any reason, to issue or transfer (as the case may be) the Offer Shares on Completion of the Offer;
- any of the voluntary escrow arrangements referred to in this Prospectus are withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with, without the consent of the Joint Lead Managers;
- a director or senior executive of the Company is charged with an indictable offence relating to a financial or corporate matter or is disqualified from managing a corporation;
- a member of management or a Director of the Company engages in any fraudulent conduct or activity; or
- any governmental agency or regulatory body commences any public action against a Group member, a member of management of the Company or any of its Directors or announces that it intends to take such action.

9.6.4. Termination subject to materiality

A Joint Lead Manager may terminate the Offer management and underwriting agreement at any time if any of the following events, among others, occur and the Joint Lead Manager believes that the event (i) has or is likely to have a material adverse effect on the marketing, outcome or settlement of the Offer, the willingness of investors to subscribe for Offer Shares, or the subsequent market for the Offer Shares or (ii) has or is likely to give rise to a liability of the Joint Lead Manager under, or a contravention by the Joint Lead Manager of, any applicable law or rule of any stock exchange or regulatory body:

- the due diligence report provided by or on behalf of the Company and SaleCo to the Joint Lead Managers in relation to the due diligence process, the Offer Shares, the Group, the Offer or the Offer Documents is or becomes untrue,

incorrect, misleading or deceptive (including by omission);

- an event that is a material adverse change occurs, or an event occurs which is likely to give rise to a material adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company and its subsidiaries from those disclosed in the Prospectus occurs;
- if any material contract referred to in this Prospectus (i) is amended or varied without the consent of the Joint Lead Managers, (ii) is breached, (iii) is terminated, (iv) ceases to have effect, otherwise than in accordance with its terms or (v) is or becomes void, voidable, illegal, invalid or unenforceable or capable of being terminated, rescinded or avoided or of limited force and effect, or its performance is or becomes illegal;
- any of: (i) a new law is introduced into the Parliament of Australia, any state or territory of Australia, New Zealand, the United Kingdom, the United States, Singapore, Malaysia or the Peoples Republic of China (other than any legislation which had been announced before the date of the agreement); (ii) there is a public announcement of a proposal to introduce a new law by the Australian Federal Government or the Government of any Australian state or territory (other than any prospective legislation which had been announced before the date of the agreement); or (iii) ASIC or the Reserve Bank of Australia adopts a new regulation or policy (other than a regulation or policy that had been announced before the date of the agreement); in each case where such event does or is likely to prohibit, restrict or regulate the Offer or materially reduce the level or likely level of valid applications for Offer Shares;
- the Company, SaleCo or any Group member contravenes its constitution, any applicable law or the Listing Rules;

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- a representation or warranty given by the Company and SaleCo in the agreement is or becomes materially untrue or incorrect;
- the Company or SaleCo defaults in any of the material terms and conditions of the agreement or breaches any undertaking or covenant given or made by it under the agreement;
- the Company, SaleCo or the Group: disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property; ceases or threatens to cease to carry on business; alters its capital structure (debt or equity), other than as contemplated in the Prospectus or the documents required to effect the Restructure; amends its constituent documents; or amends the terms of issue or transfer of the Offer Shares;
- any of the following occurs (i) a general moratorium on commercial banking activities in Australia, the United States or the United Kingdom is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries, (ii) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended, or limited, in a material respect for at least one day on which that exchange is open for trading, (iii) any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in, Australia, the United States of America or the United Kingdom or any adverse change in national or international political, financial or economic conditions of those markets; or (iv) any change or development involving a prospective adverse change in taxation affecting the Group or the Offer occurs;
- there is an outbreak of hostilities not presently existing, or a major escalation in existing hostilities occurs, or a major act of terrorism

occurs in or involving any one or more of Australia, New Zealand, the United Kingdom, the United States, Japan, Singapore, Malaysia or the People's Republic of China, or involving any diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world;

- a change to the Board of Directors or the managing director or chief financial officer of the Company occurs;
- a Group member charges or agrees to charge or creates any encumbrance over, the whole, or a substantial part of its business or property; or
- a person other than ASIC commences any inquiry, investigation or proceedings, or takes any regulatory action or seeks any remedy, in connection with the Company, SaleCo, the Offer, the Offer Documents or the Restructure

9.6.5. Warranties, undertakings and other terms

The Offer management and underwriting agreement contains certain standard representations, warranties and undertakings by the Company to the Joint Lead Managers. The representations and warranties given by the Company relate to matters such as power and authorisations, the capital structure of the Company, the conduct of the Company, information provided by the Company, financial information, information in this Prospectus, the conduct of the Offer, eligibility for Listing and compliance with laws, the Listing Rules and other legally binding requirements. The Company also provides additional representations and warranties in connection with matters including in relation to authorisations, litigation, assets, material adverse changes, material contracts, intellectual property, solvency, the enforceability of documents to effect the Restructure, compliance with financial covenants, internal accounting controls, insurance and tax.

The Company's undertakings include that it will not, during the period following the date of the agreement until 180 days after Shares have been issued under the Offer, issue any equity securities without the consent of the Joint Lead Managers subject to certain exceptions. These exceptions include an issue of securities pursuant to any employee incentive scheme. The undertakings also require the Company to carry out the business in the ordinary course for that same period and not to vary any material contract in a material respect.

9.6.6. Indemnity

Subject to certain exclusions relating to, among other things, negligence, fraud or wilful misconduct of an indemnified party, the Company has agreed in the Offer management and underwriting agreement to keep the Joint Lead Managers and certain affiliated parties indemnified from losses suffered in connection with the Offer.

9.7 Contract summaries

Summaries of contracts set out in this Prospectus (including the summaries of the Underwriting Agreement in section 9.6 and the New Banking Facilities in section 5.12), are included for the information of potential investors but do not purport to be complete and are qualified by the text of the contracts themselves.

9.8 ASX and ASIC

9.8.1 ASX waivers and confirmations

The Company has applied to ASX for the following Listing Rule waivers and confirmations:

- a waiver from the requirement in Listing Rule 10.11 to obtain Shareholder approval to permit Shares to be issued to the four Non-Executive Directors named in this Prospectus in lieu of part or all of their accrued Directors' fees for the first two years after Listing; and
- confirmation that none of the Shares that will be held by the Existing Owners following

Completion of the Offer will be classified as restricted securities by ASX and accordingly they will not be subject to mandatory escrow.

The Company has obtained an in-principle waiver from the requirement in Listing Rule 10.11 to obtain Shareholder approval to permit Shares to be issued to the four Non-Executive Directors named in this Prospectus in lieu of part or all of their accrued Director's fees. As the waiver was obtained on an 'in-principle' basis, it is expected that the formal waiver will be granted by ASX on the condition, among other things, that adequate disclosure of the proposed arrangement is made in this Prospectus.

If any of Richard Grellman, John Atkin, Robin Low and Sally Pitkin elect to receive Shares in lieu of part or all of their accrued Director's fees, they will be issued, at the time for payment of those fees, with a number of Shares based on the volume weighted average price for Shares calculated over an applicable reference period to be determined by the Board prior to the date for payment of those accrued fees.

For the purposes of satisfying the conditions to the expected waiver, the following additional information is provided:

- The number of Shares that may be issued to any of Richard Grellman, John Atkin, Robin Low and Sally Pitkin is determined by the amount of their accrued Director's fees divided by the volume weighted average price for Shares over the applicable reference period (to be determined by the Board) prior to the date for payment of the accrued fees.
- For example, and assuming that a Non-Executive Director receives their full entitlement of \$90,000 per annum (excluding for the purposes of this example, superannuation and any further amounts payable to the Non-Executive Director for additional services performed for the Board (for example, serving on

a committee of the Board, for which extra remuneration is payable)) and the volume weighted average price for Shares is \$2.25, then if that Non-Executive Director elected to receive Shares in lieu of all of their Director's fees, they would receive 40,000 Shares. If the price per Share is lower, then they would receive more Shares, and if the price for Shares is higher, they would receive less Shares.

- Shares will be issued to a Non-Executive Director who elects to receive Shares in lieu of their Director's fees on the date for payment of those fees. No Shares will be issued to a Non-Executive Director under this arrangement without Shareholder approval after two years from the date of Listing.
- The price per Share will be determined by calculating the volume weighted average price for Shares over an applicable reference period prior to the date for payment of the accrued fees.
- All Shares to be issued will be fully paid ordinary shares in the Company which will rank equally with all other Shares then in existence, including in respect of any dividend or other entitlements.

The Company's Managing Director, David Griffith, is not entitled to receive Shares under this arrangement.

ASX has advised IPH that none of the Shares that will be held by the Existing Owners following Completion of the Offer will be classified as restricted securities by ASX and accordingly they will not be subject to mandatory escrow.

9.8.2 ASIC relief

ASIC has granted the Company relief so that the takeovers provisions of the Corporations Act will not apply to the relevant interests that the Company would otherwise acquire in the Existing Owners' escrowed Shares by reason of the voluntary escrow arrangements in relation to those Shares described in section 7.5.

9.9 Litigation and claims

As at the Prospectus Date, so far as the Directors are aware, there are no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which IPH is directly or indirectly concerned, which is likely to have a material adverse impact on the business or financial position of IPH.

9.10 Consents to be named and disclaimers of responsibility

Each of the parties referred to below (each a "Consenting Party"), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the Consenting Parties has given and has not, before the lodgement of the Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named. None of the Consenting Parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement is made in this Prospectus is based, other than as specified below:

- Aquasia Pty Ltd;
- Morgans Corporate Limited;
- Bell Potter Securities Limited;
- Watson Mangioni Lawyers Pty Limited;
- Deloitte Corporate Finance Pty Limited;
- Deloitte Touche Tohmatsu;
- Speed and Stracey Lawyers Pty Limited; and
- Link Market Services Limited.

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Deloitte Corporate Finance Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of statements by it, including its Investigating Accountant's Report in section 8 and the statements specifically attributed to it in the text of, or by a footnote in, this Prospectus, in the form and context in which they are included (and all other references to that report and those statements) in this Prospectus.

Deloitte Touche Tohmatsu has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of statements specifically attributed to it in the text of this Prospectus, in the form and context in which they are included (and all other references to those statements) in this Prospectus.

9.11 Description of the syndicate

The Joint Lead Managers to the Offer are Bell Potter and Morgans.

9.12 Taxation considerations

This section 9.12 provides a general overview of certain Australian tax consequences for investors who acquire Shares through the Offer. The comments in this section are based on the Australian taxation laws (including established interpretations of those laws) and understanding of the practice of the Australian Taxation Office as at the Prospectus Date.

This section is general in nature and is not intended to be an authoritative or a complete statement of the Australian taxation laws. It should be noted that the Australian taxation laws are complex and the investor's own circumstances may affect the taxation outcomes of making an investment in the Company. It is therefore recommended that investors seek independent professional advice having regard to their own specific circumstances in considering an investment in the Company.

Taxation issues, such as (but not limited to) those covered by this section, are only one of the matters an investor needs to consider when making a decision about a financial product. Investors should consider taking advice from someone who holds an Australian Financial Services Licence before making such a decision.

9.12.1 Taxation of dividends

Dividends may be paid to shareholders by the Company. The Company may attach "franking credits" to such dividends. Franking credits broadly represent the extent to which a dividend is paid by the Company out of profits that have been subject to Australian tax. It is possible for a dividend to be fully franked, partly franked or unfranked.

It should be noted that the concept of a dividend for Australian income tax purposes is very broad and can include payments that are made in respect of such things as off-market share buy-backs.

9.12.1.1 Australian tax resident shareholders

Australian tax resident shareholders will be required to include dividends in their assessable income in the income year in which the dividends are paid. To the extent that the dividends are franked, subject to the comments below, the associated franking credits should also be included in the Australian tax resident shareholder's assessable income (that is, the dividends are required to be "grossed-up"). In such circumstances, dividends are subject to tax at their rate of tax on the grossed-up dividends received (but may be entitled to a tax offset for the associated franking credits as discussed below).

To the extent that the dividends are unfranked, there is no gross-up (or tax offset) and Australian resident shareholders should be subject to tax at their applicable rate of tax on the unfranked dividends received.

Generally, shareholders should be entitled to a "tax offset" equal to the amount of any franking credits received.

To the extent that the franking credits received by non-corporate shareholders that are individuals and complying superannuation entities exceed the amount of tax payable, those shareholders should be entitled to a refund from the Australian Taxation Office of any excess franking credits. Where the franking credits are less than the tax payable on the dividends, those shareholders will need to pay an additional amount of tax.

In relation to non-corporate shareholders that are trusts (other than trustees of complying superannuation entities) or partnerships, such shareholders should include any franking credits in determining the net income of the trust or partnership. The relevant beneficiary or partner may then be entitled to a corresponding tax offset, subject to certain requirements being satisfied.

Corporate shareholders are also entitled to a tax offset equal to the amount of franking credits received; however, unlike non-corporate shareholders, they are unable to claim refunds for excess franking credits. Where excess franking credits exist, a corporate shareholder should be entitled to have the surplus credits converted into carry forward tax losses.

Corporate shareholders (including those which are deemed to be companies) should also be entitled to a franking credit in their franking accounts equal to the franking credits received in respect of the dividends. A corporate shareholder may be able to then use the credits to make franked distributions to its shareholders.

There are certain limitations imposed by the Australian taxation law which may prevent a shareholder from obtaining the benefit of any franking credits. In this regard, shareholders seeking to claim tax offsets for franking credits must be "qualified persons" in respect of the relevant dividends.

In broad terms, shareholders who have held their Shares "at risk" for at least 45 days (excluding the dates of acquisition and disposal) should

be qualified persons and should be able to claim a tax offset for the amount of franking credits received. Furthermore, individual Australian shareholders whose total franking tax offsets (for all franked distributions received in the income year) do not exceed \$5,000 for the income year should generally be deemed to be qualified persons. Special rules apply to arrangements which involve the making of related payments to pass on the benefit of any dividends paid, or in the context of franked dividends received via trusts or partnerships.

On 14 May 2013, the Commonwealth Government announced measures which apply to “dividend washing” arrangements and the amendments are proposed to be made to the 45 day holding period rules. No legislation has yet been released in respect of this change. Investors should consider the impact of this proposed change given their own personal circumstances.

In relation to trusts or limited partnerships, the rules surrounding the taxation of dividends are complex and advice should be sought to confirm the appropriate taxation considerations and treatment.

9.12.1.2 Non-resident shareholders

Generally, unfranked dividends paid to shareholders that are not Australian tax residents should be subject to dividend withholding tax. To the extent that distributions to non-residents include unfranked dividends, the Company will withhold tax at the rate applicable to each non-resident shareholder. Australian dividend withholding tax is levied at a flat rate of 30% on the gross amount of the dividends unless a shareholder is a tax resident of a country that has an applicable double tax treaty with Australia. In these circumstances, the withholding tax is generally limited to 15%, although in certain cases, depending on the shareholder's country of residence and the size of their shareholding, the rate may be reduced further.

Fully franked dividends are not subject to Australian dividend withholding tax.

It is recommended that non-resident shareholders also consider the tax implications of receiving dividends from the Company under their respective domestic tax regimes.

9.12.2 Taxation of future share disposals

9.12.2.1 Australian tax resident shareholders

Most Australian resident investors will be subject to Australian capital gains tax (CGT) on the disposal of their Shares. Some investors will hold Shares on revenue account, trading stock or under the Taxation of Financial Arrangements regime. These investors should seek their own advice.

Broadly, Australian tax resident shareholders who acquire their Shares in the ordinary course of their business and/or hold their Shares on revenue account should be required to include any gains made on the disposal of the Shares in their assessable income. Conversely, any losses made on the disposal of Shares in these circumstances should be deductible.

Australian tax resident shareholders who hold their Shares on capital account will be required to consider the impact of the CGT provisions in respect of the disposal of their Shares.

Where the capital proceeds received on the disposal of the Shares exceed the CGT cost base of those Shares, Australian tax resident shareholders will be required to recognise a capital gain. The CGT cost base of the Shares should generally be equal to the issue price or acquisition price of the Shares plus, among other things, incidental costs associated with the acquisition and disposal of the Shares. In respect of the CGT cost base of the Shares, this amount may be reduced as a result of receiving non-assessable distributions from the Company, such as returns of capital.

Conversely, Australian tax resident shareholders may recognise a capital loss on the disposal of Shares where the capital proceeds received on disposal are less than the reduced CGT cost base of the Shares.

All capital gains and losses recognised by an Australian tax resident shareholder for an income year are considered collectively. To the extent that a net gain exists, such shareholders should be able to reduce the gain by any amount of unapplied net capital losses carried forward from previous income years (provided certain loss recoupment tests are satisfied). Any remaining net gain (after the application of any carried forward tax losses) will then be required to be included in the Australian tax resident shareholder's assessable income (subject to comments below in relation to the availability of the CGT discount concession) and will be taxable at the shareholder's applicable rate of tax. Where a net capital loss is recognised, the loss will only be deductible against capital gains. Capital losses are capable of being carried forward indefinitely, provided the relevant loss recoupment tests are satisfied.

Non-corporate shareholders may be entitled to a concession which discounts the amount of capital gain that is assessed. Broadly, the concession is available where the Shares have been held for 12 months or more prior to disposal. The concession results in a 50% reduction in the assessable amount of a capital gain for an individual shareholder or trust, and a one-third reduction of a capital gain for an Australian resident complying superannuation entity shareholder. The concession is not available to corporate shareholders.

In relation to trusts or limited partnerships, the rules surrounding capital gains and the CGT discount are complex, but the benefit of the CGT discount may flow through to relevant beneficiaries, subject to certain requirements being satisfied.

9 ADDITIONAL INFORMATION

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9.12.2.2 Non-resident shareholders

Non-resident shareholders who hold Shares on revenue account may need to include any Australian sourced profits recognised on the sale of Shares in their Australian assessable income unless an applicable double tax treaty provides relief from Australian taxation. Conversely, non-resident shareholders who make a loss on the disposal of the Shares in these circumstances may be entitled to claim the loss against other assessable income, provided the loss was made in the course of deriving assessable income from Australian sources.

Non-resident shareholders who hold their Shares on capital account should generally not be subject to Australian CGT upon disposal of their Shares except in limited circumstances; for example, where the Shares are used in the carrying on of a business through a permanent establishment in Australia or where the Shares are “indirect Australian real property interests” at the time of sale. In this regard, the Shares should be indirect Australian real property interests to the extent that, broadly, the following two requirements are satisfied:

The Company is considered “land rich” for Australian income tax purposes (that is, greater than 50% of the market value of the company’s underlying assets is derived from Australian real property interests or certain interests in relation to Australian minerals); and

- The non-resident shareholder has an associate-inclusive interest of at least 10% in the Company.

We note that it is unlikely that the Company is considered “land rich” for Australian income tax purposes but this analysis is required to be undertaken at the time of disposal.

9.12.3 Employee Award Offer

The Company will provide a general summary of Australian tax issues relating to the Employee Award Offer to Australian Eligible Employees in the separate offer letter.

9.12.4 Tax file number and Australian Business Number

A shareholder is not obliged to quote a tax file number (TFN), or where relevant, Australian Business Number (ABN), to the Company. However, if a TFN or ABN is not quoted and no exemption is applicable, income tax is required to be deducted by the Company at the highest marginal rate (currently 45%) plus Medicare Levy (currently 2%) from certain dividends paid.

No withholding requirement applies in respect of fully franked dividends paid by the Company on the Shares.

9.12.5 Stamp Duty

No stamp duty should be payable by a shareholder on the issue or acquisition of Shares pursuant to the Offer. Further, under current stamp duty legislation, stamp duty would not ordinarily be payable on any subsequent acquisition of Shares by a shareholder provided the Company remains listed on ASX.

9.12.6 Goods and services tax

Under current Australian GST Law, goods and services tax (GST) would not be applicable to the issue, acquisition or transfer of Shares. However, GST is likely to be applicable on any fees paid on brokerage services received in relation to the share transaction. The ability to recover any GST paid in relation to this transaction as an input tax credit would vary according to individual circumstances and as such this should be reviewed by shareholders prior to making any claim.

9.13 International Offer Restrictions

This Prospectus does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. Shares may not be offered or sold in any country outside Australia or New Zealand except to the extent permitted below.

9.13.1 Singapore

This document and any other materials relating to the Offer Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company’s shares, (ii) an “institutional investor” (as defined in the SFA) or (iii) a “relevant person” (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Offer Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves

with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

9.13.2 Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the “SFO”). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Offer Shares have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO).

No advertisement, invitation or document relating to the Offer Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

9.13.3 United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (“FSMA”)) has been published or is intended to be published in respect of the Offer Shares. This document is issued on a confidential basis to “qualified investors” (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the Offer Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the Offer Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (“FPO”), (ii) who fall within the categories of persons referred to in Article 49(2) (a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together “relevant persons”). The

investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

9.13.4 New Zealand

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and Corporations Regulations set out how the offer must be made. There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities. Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer.

If you need to make a complaint about this offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

9 ADDITIONAL INFORMATION

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The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

9.14 Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by IPH. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

9.15 Governing law

This Prospectus and the contracts that arise from the acceptance of the applications and bids under this Prospectus are governed by the law applicable in New South Wales and each applicant and bidder submits to the exclusive jurisdiction of the courts of New South Wales.

9.16 Statement of Directors

The issue of this Prospectus has been authorised by each Director. Each Director has consented to lodgement of this Prospectus and issue of this Prospectus and has not withdrawn that consent.



A

**SIGNIFICANT
ACCOUNTING
POLICIES**

APPENDIX A SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial report

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars unless otherwise noted.

Fair value is 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, regardless of whether that price is directly observed or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability of market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power, over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements;

and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the 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.

(b) Foreign currencies

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. Nonmonetary 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 foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. 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. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset),

all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(c) Revenue

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

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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 accrued on a time basis, by reference to the principal outstanding and at the effective

APPENDIX A SIGNIFICANT ACCOUNTING POLICIES

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interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Revenue from trust distributions is recognised when the right to receive a distribution 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).

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").

(d) Work In Progress

Work in progress represents costs incurred and profit recognised on client assignments and services that are in progress at balance date. Work in progress (WIP) is valued at net realisable value after providing for any foreseeable losses and adjusted for expected tax to the unit holders when ultimately billed. WIP older than 90 days is reviewed and any work in progress not thought to be recoverable is written off.

(e) Disbursements recoverable

Client disbursements recoverable are recognised when invoiced. The amount recognised is net of any GST payable. Internally generated disbursements are credited directly to the profit and loss in the month they are charged to a client matter.

Disbursements older than 60 days are constantly being reviewed and any not thought to be recoverable are written off.

(f) Income tax

Income tax expense represents the sum of the tax currently payable and deferred.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax

as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such 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. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the

extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(g) 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 balance sheet.

(h) Trade and other receivables

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

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note (m) for further discussion on the determination of impairment losses.

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

(i) 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.

(j) Financial instruments

Held to maturity investments

Fixed term investments intended to be held to maturity are classified as held to maturity investments. They are measured at amortised cost using the effective interest rate method less any impairment.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables”. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Available for sale

Available for sale financial assets include any financial assets not included in the above categories and are measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is derecognised, at which time the cumulative gain or loss held in equity is recognised in profit and loss.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter group balances and loans from or other amounts due to related entities.

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.

The amortised cost of a financial asset or a financial liability is the amount initially recognised minus principal repayments, plus or minus cumulative amortisation of any difference between the initial amount and the maturity amount and minus any write-down for impairment.

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

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

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

(k) Property, plant and equipment

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

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

APPENDIX A SIGNIFICANT ACCOUNTING POLICIES

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Depreciation rates

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements at cost	6.67%–16.67%	Straight-line
Plant and equipment at cost	5%–37.5%	Straight-line
Furniture, fixtures and fittings at cost	5%–20%	Straight-line
Computer equipment at cost	20%–33.3%	Straight-line
Computer equipment under lease	20%–33.3%	Straight-line

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.

(l) Intangibles

Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets – software, research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset 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. Capitalised software expenditure is amortised on a straight-line basis over its estimated useful life of 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.

(m) Impairment of assets

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

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

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

(n) 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.

(o) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic

basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(p) Employee benefits

(i) Short- and long-term employee benefits

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 service provided by the employees up to reporting date.

(ii) Retirement benefit costs

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

(iii) Termination benefit

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(q) Share-based payments arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined 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.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

APPENDIX A SIGNIFICANT ACCOUNTING POLICIES

CONTINUED

(r) Borrowing costs

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings, and foreign exchange losses net of hedged amounts on borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(s) 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 balance sheet 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.

(t) Financial liabilities and equity instruments

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments

(iii) Financial liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

(iv) Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(v) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.



B

GLOSSARY

APPENDIX B GLOSSARY

TERM

\$ or A\$	Australian dollars
1H	First half
2H	Second half
ABN	Australian Business Number
AEDT	Australian Eastern Daylight Time
Applicant(s)	A person who submits an Application
Application(s)	An application made to subscribe for Shares offered under this Prospectus
Application Form	The application form attached to or accompanying this Prospectus (including the electronic form)
Application Monies or Application Amount	The amount accompanying an Application Form submitted by an Applicant
Aquasia	Aquasia Pty Ltd (ACN 136 522 051)
ASIC	Australian Securities and Investment Commission
ASX	ASX Limited (ABN 98 008 624 691) or the financial market operated by it, as the context requires
ASX Listing Rules	The listing rules of ASX
ASX Recommendations	The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
ASX Settlement Operating Rules	The rules of ASX Settlement Pty Ltd (ABN 49 008 504 532)
ATO	Australian Tax Office
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board
Bell Potter	Bell Potter Securities Limited (ABN 25 006 390 772)
Board or Board of Directors	The board of directors of IPH
Broker	Any ASX participating organisation selected by the Joint Lead Managers and IPH to act as Broker to the Offer
Broker Firm Offer	The Offer of Shares under this Prospectus to Australian and New Zealand resident investors who are not Institutional Investors and who have received a firm allocation from their Broker, as described in section 7.8
B2B	Business to business
CAGR	Compound annual growth rate
CFO	Chief Financial Officer
Chairman	Chairman of the Board of Directors
CHESS	Clearing House Electronic Subregister System, operated in accordance with the Corporations Act

TERM

Closing Date	The date by which Applications must be lodged for the Offer, being 10 November 2014 This date may be varied by IPH and the Joint Lead Managers, without prior notice
Company	IPH Limited (ABN 49 169 015 838)
Completion of the Offer	The completion of the Offer, being the date on which Shares are transferred to successful Applicants in accordance with the terms of the Offer
Constitution	The constitution of IPH
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Corporate Directory	The Corporate Directory at the back of this Prospectus
CY	Calendar year or year ended 31 December. For example CY13 would be the year ended 31 December 2013.
Director	A member of the Board
DPS	Dividends per Share
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Eligible Employees	All permanent full-time and permanent part-time employees of the Group in Australia who have been employed by the Group for at least 12 months as at 5.00pm Sydney time on 8 October 2014 (provided that they remain so employed at the date of issue and allotment of Shares under the Offer) that are not eligible to participate in the LTIP or the retention arrangements described in section 6.4.4
Employee Award Offer	The invitation to Eligible Employees to apply for 476 Shares each for no consideration, as described in section 7.9
EPS	Earnings per Share
EV	Enterprise Value
Existing Owners	The Shareholders of IPH associated with the Principals as set out in table 15 in section 7.4
Expiry Date	9 November 2015
Forecast Financial Information	Has the same meaning given to that term in section 5.1
Fortune Global 500 Company	The 2014 ranking of the top 500 corporations worldwide as measured by revenue compiled by Fortune magazine
FY	Financial year or year ended 30 June. For example FY14 would be the financial year ended 30 June 2014.
Group	Prior to the Transfer, Spruson & Ferguson. After the Transfer, IPH and its subsidiaries
GST	Goods and services tax or similar tax imposed in Australia

APPENDIX B GLOSSARY

CONTINUED

TERM

Institutional Investor	An investor to whom offers or invitations in respect of securities can be made without the need for a prospectus (or other formality, other than a formality which IPH is willing to comply with), including in Australia persons to whom offers or invitations can be made without the need for a lodged prospectus under section 708 of the Corporations Act (other than section 708(1)) and in New Zealand, persons to whom offers and invitations can be made without the need for a registered prospectus under section 3(2)(a) of the Securities Act 1978 NZ
Institutional Offer	The invitation to Institutional Investors under this Prospectus to acquire Shares, as described in section 7.10
Intellectual Property Corporation of Malaysia	The Government agency responsible for the regulation and administration of IP in Malaysia
Intellectual Property Office of Singapore	The Government agency responsible for the regulation and administration of IP in Singapore
Investigating Accountant	Deloitte Corporate Finance Pty Limited (ABN 19 003 833 127)
IP	intellectual property
IP Australia	IP Australia, the Government agency responsible for the regulation and administration of IP in Australia
IPH	IPH Limited (ABN 49 169 015 838)
IPH Services	IPH Services Pty Ltd (ACN 169 976 032)
IPO	Initial public offering
IPOS	Intellectual Property Office of Singapore, the Government agency responsible for the regulation and administration of IP in Singapore
IT	Information technology
Joint Lead Managers or JLMs	Each of Bell Potter and Morgans
Lender	Australia and New Zealand Banking Group Limited
Listing	Admission of IPH to the official list of ASX and quotation of the Shares on the ASX
Listing Date	The date on which the Company is admitted to the Official List of ASX and quotation of the Shares commences
LTIP	The IPH long-term incentive plan described in section 6.4.4.2
m	millions
Management	The Managing Director, CFO and senior management team of IPH
Market Capitalisation	Total market value of IPH on ASX on the Listing Date
Morgans	Morgans Corporate Limited (ABN 32 010 539 607)
New Banking Facilities	The new banking facilities described in section 5.12
New Shares	The new Shares to be issued by IPH under the Employee Award Offer
NPAT	Net profit after tax
Offer	The offer of Shares under this Prospectus

TERM

Offer Period	The period from the date on which the Broker Firm Offer opens on 27 October 2014 until the Closing Date
Offer Price	\$2.10 per Share
Offer Shares	The 79.1 million Shares being offered under this Prospectus
PCT	Patent Cooperation Treaty
PF	Pro forma
Principals	The current principals of Spruson & Ferguson, being the 21 senior professionals listed in section 6.3
Pro Forma Financial Information	Has the same meaning given to that term in section 5.1
Pro Forma Historical Financial Information	The financial information described as Pro Forma Historical Financial Information in section 5.1
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement Prospectus in relation to this document
Prospectus Date	The date on which a copy of this Prospectus is lodged with ASIC, being 9 October 2014
Raising the Bar Act	Intellectual Property Laws Amendment (Raising the Bar) Act 2012
Restructure	The internal restructure of the Group described in section 9.4
Retail Offer	The Broker Firm Offer and the Employee Award Offer
SaleCo	IPH (SaleCo) Pty Limited (ACN 600 396 825)
Share	A fully paid ordinary share in the capital of IPH
Shareholder	A holder of Shares
Share Registry	Link Market Services Limited (ABN 54 083 214 537)
Speed and Stracey Lawyers	Speed and Stracey Lawyers Pty Limited (ACN 104 571 315)
Spruson & Ferguson	Prior to the Transfer, the Spruson & Ferguson Trust, Spruson & Ferguson Asia, Spruson & Ferguson Malaysia, Spruson & Ferguson Lawyers, Spruson & Ferguson (NSW) and IPH Services. After the Transfer, Spruson & Ferguson Pty Limited and its subsidiaries
Spruson & Ferguson Asia	Spruson & Ferguson (Asia) Pte Ltd (co. Reg. Number 200100515C)
Spruson & Ferguson Lawyers	Prior to 1 August 2014, the Spruson & Ferguson Lawyers Trust. From 1 August 2014, Spruson & Ferguson Lawyers Pty Limited
Spruson & Ferguson Lawyers Pty Limited	Spruson & Ferguson Lawyers Pty Limited (ACN 169 430 568)
Spruson & Ferguson Lawyers Trust	The trust known as the 'Spruson & Ferguson Lawyers Unit Trust' established by the Spruson & Ferguson Lawyers Trust Deed
Spruson & Ferguson Lawyers Trust Deed	The trust deed establishing the Spruson & Ferguson Lawyers Trust between Neville John Anderson (as settlor) and Simon Dudley Williams, Andros Chrysiliou and John Gordon Hinde (as trustees) dated 31 October 1984 (as amended)

APPENDIX B GLOSSARY

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TERM

Spruson & Ferguson Malaysia	Spruson & Ferguson (M) Sdn. Bhd (Company Number 661309-U)
Spruson & Ferguson (NSW)	Spruson & Ferguson (NSW) Pty Limited (ACN 054 878 161)
Spruson & Ferguson Pty Limited	Spruson & Ferguson Pty Limited (ACN 601 269 050)
Spruson & Ferguson Trust	The trust known as the “Spruson & Ferguson Unit Trust” established by the Spruson & Ferguson Trust Deed
Spruson & Ferguson Trust Deed	The trust deed establishing the Spruson & Ferguson Trust between Ian Betts (as settlor) and Ronald Franklin Pickering, Neville John Anderson, Daniel Ralph Shanahan, John Gordon Hinde and Fraser Patison Old (as trustees) dated 29 June 1978 (as amended)
STIP	The IPH short-term incentive plan described in section 6.4.4.1
Transfer	The transfer on 3 October 2014 as part of the Restructure of the business of the Spruson & Ferguson Trust and its interests in the shares of Spruson & Ferguson Asia, Spruson & Ferguson Malaysia, Spruson & Ferguson Lawyers Pty Limited, Spruson & Ferguson (NSW) and IPH Services to Spruson & Ferguson Pty Limited (a wholly owned subsidiary of IPH)
Trustees	The trustees of the Spruson & Ferguson Trust as at the date of this Prospectus, being the Principals other than Simon Potter and Richard Grant
Watson Mangioni	Watson Mangioni Lawyers Pty Limited (ACN 120 091 394)
WIP	Work in progress
WIPO	World Intellectual Property Organisation
Y/E	Year ending

CORPORATE DIRECTORY

IPH REGISTERED OFFICE

IPH Limited (Head Office)
Level 35, St Martins Tower
31 Market Street
Sydney NSW 2000

JOINT LEAD MANAGERS AND UNDERWRITERS TO THE OFFER

Bell Potter Securities Limited
Level 38, Aurora Place
88 Phillip Street
Sydney NSW 2000

Morgans Corporate Limited
Level 29, Riverside Centre
123 Eagle Street
Brisbane Qld 4000

ADVISER TO THE BOARD IN RELATION TO THE OFFER

Aquasia Pty Ltd
Level 2, 9 Castlereagh Street
Sydney NSW 2000

AUSTRALIAN LEGAL ADVISER TO THE OFFER

Watson Mangioni Lawyers Pty Limited
Level 13, 50 Carrington Street
Sydney NSW 2000

AUSTRALIAN LEGAL ADVISER TO THE RESTRUCTURE

Speed and Stracey Lawyers Pty Limited
Level 4, 131 Macquarie Street
Sydney NSW 2000

INVESTIGATING ACCOUNTANT

Deloitte Corporate Finance Pty Limited
Grosvenor Place
225 George Street
Sydney NSW 2000

AUDITOR

Deloitte Touche Tohmatsu
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225 George Street
Sydney NSW 2000

SHARE REGISTRY

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