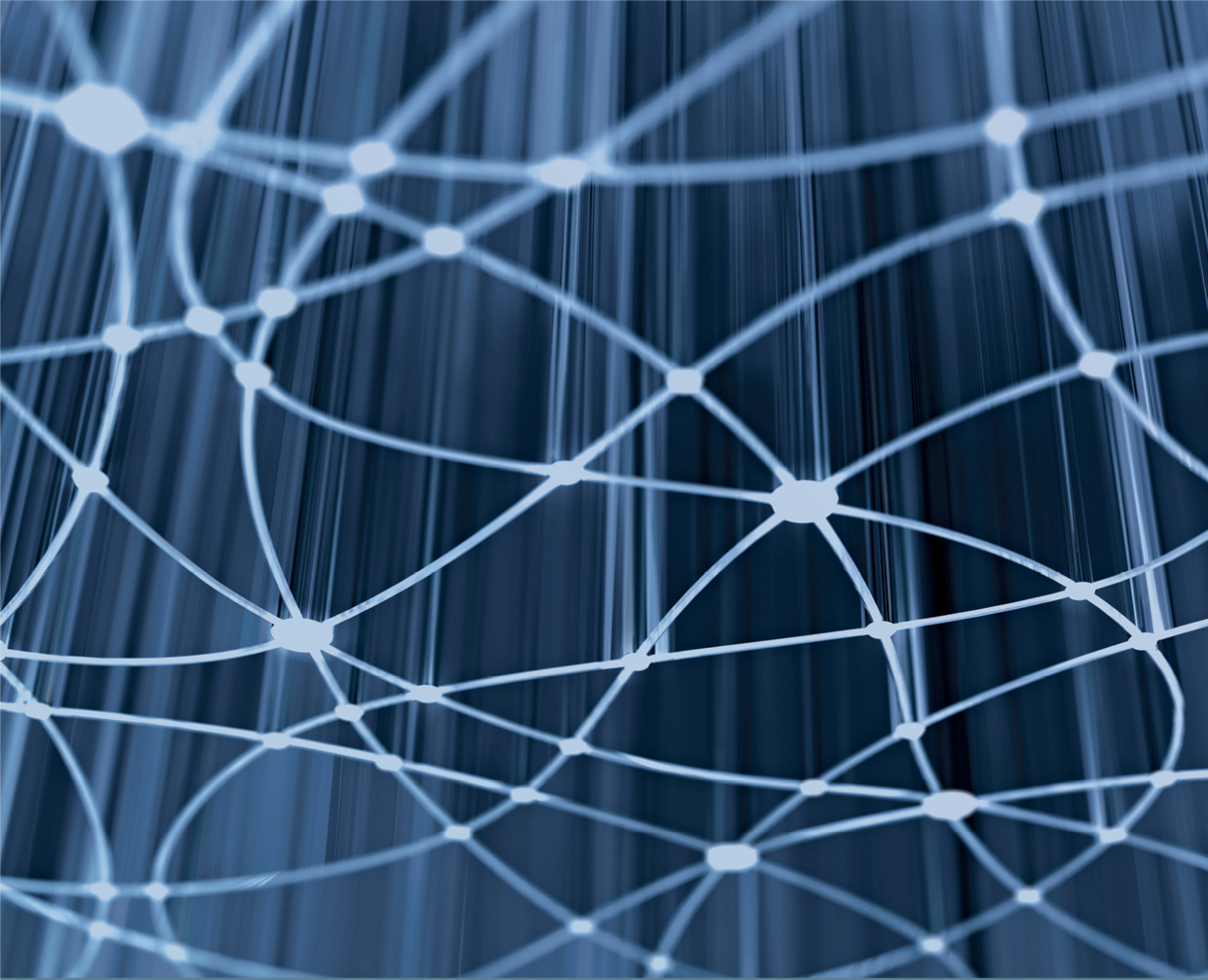

IRESS
2014 HALF YEAR FINANCIAL REPORT

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IRESS Limited ABN 47 060 313 359

2014 HALF YEAR FINANCIAL REPORT

Contents

Directors	Mr P Dunai *Chairman*
	Mr A Walsh *Chief Executive Officer and Managing Director*
	Ms J Seabrook
	Mr J Cameron
	Mr J Hayes
	Mr A D'Aloisio
Company secretary	Mr P Ferguson
Registered office	Level 18, 385 Bourke Street Melbourne Vic 3000 Phone: (03) 9018 5800 Fax: (03) 9018 5844
Share registry	Link Market Services Limited Level 4, 333 Collins Street Melbourne Vic 3000
Auditor	Deloitte Touche Tohmatsu
Solicitors	King & Wood Mallesons
Bankers	National Australia Bank Limited
Stock exchange listings	IRESS Limited shares are quoted on the Australian Securities Exchange under the code IRE.

1 HIGHLIGHTS

Avelo acquisition
In strategic terms the Avelo acquisition was the standout event for 2013 and indeed is the most significant change in IRESS' corporate history.

Financial results
Total Group revenues for the six months ended 30 June 2014 increased by 61% to $170.2m (2013: $105.9m), and segment profits increased by 45.0% to $59.3m (2013: $40.9m). Reported profit after tax was $30.1m, compared with $17.8m for the prior half year, an increase of 69.1%.

Basic earnings per share for the half year was 18.95 cents per share (2013: 13.82 cent per share), an increase of 37.1%.

The Directors have determined to pay an interim dividend of 16.0 cents per share, franked to 40% (2013:13.5 cents franked to 90%).

FINANCIAL SUMMARY

6 MONTHS TO 30 JUNE 2014

	CONSOLIDATED HALF-YEAR ENDED 30 JUNE 2014 $'000	CONSOLIDATED HALF-YEAR ENDED 30 JUNE 2013 $'000
Total revenues	170,226	105,853
Profit before income tax expense	34,439	25,979
Profit after income tax expense	30,073	17,820
Basic earnings per share (cents)	18.95	13.82
Dividend per share (cents)	16.00	13.50

DIRECTORS' REPORT

The named Directors held office during and since the end of the half year.

The Directors of IRESS Limited submit herewith the financial report for the half year ended 30 June 2014. In order to comply with the provisions of the *Corporations Act 2001* (Cth), the Directors report as follows.

BOARD OF DIRECTORS

NAME	PARTICULARS
Mr P Dunai	Chairman since May 2010 and member of the Nomination and Remuneration Committee. Peter served as Managing Director of the Company from inception until retiring from that role in October 2009. A founding shareholder who joined the Board in 1993.
Mr A Walsh	CEO and Managing Director. Founded XPLAN Technology Pty Ltd which was acquired in 2003 by the Company, and from 2003 managed the transition of XPLAN from an independent start-up organisation to a fully integrated material division of the Group until taking up his current role. Andrew joined the Board in October 2009.
Ms J Seabrook	Non-Executive Director, Lead Independent Director since May 2010, Chair of the Nomination and Remuneration Committee since 5 May 2011, and a member of the Audit Committee. Jenny joined the Board in August 2008. Jenny is a special advisor to Gresham Partners Limited, a Non-Executive Director of Iluka Resources Limited, was a Non-Executive Director of the Export Finance and Insurance Corporation until 4 April 2014 and was a member of ASIC's external advisory group until the end of November 2013. Jenny is a chartered accountant with employment experience in the capital markets and mergers and acquisitions sectors of the financial services industry and extensive public company board experience. Her employment history includes Touche Ross, Hong Kong Bank, Hartleys, and Gresham. Jenny was a member of the Takeovers Panel from 2000 to 2012. Jenny's previous directorships include Alinta Gas, Amcor Limited, Australia Post, BankWest, Edith Cowan University, MG Kailis, Princess Margaret and King Edward Hospital, West Australian Newspapers Holdings Limited, and Western Power.
Mr J Cameron	Non-Executive Director and member of the Nomination and Remuneration Committee since 5 May 2011. John joined the Board in 2010. John has worked in IT for over 30 years in Australia, USA, United Kingdom and France. He was a key member of the team that automated both the equities and options trading floors for the ASX. John was founder and CEO of Cameron Systems which created CameronFIX which is now the world's leading implementation of the FIX protocol - the standard way that financial organisations worldwide trade electronically. The company was acquired in 2006 by ORC Software, where John served as CTO for three years. John was previously a Director of the international standards body FIX Protocol Limited from 2010 to 2013.
Mr J Hayes	Non-Executive Director and Chairman of the Audit Committee. John joined the Board on 10 June 2011, assuming Chair of the Audit Committee from this date. He was a member of the Advisory Council of Comcover, a Federal Government Entity until the end of December 2013.

DIRECTORS' REPORT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

Mr A D'Aloisio	Non-Executive Director, member of the Audit Committee and Chairman elect. Tony joined the Board on 1 June 2012. He was Managing Director and Chief Executive Officer at the Australian Stock Exchange (ASX) from 2004 to 2006. Tony was Chairman of ASIC from 2007 to 2011. Tony has served in both Executive and Non-Executive roles in commercial and Government enterprises and has held positions of Chief Executive, Chairman. Tony's previous directorships include Boral Limited, The Business Council of Australia and the World Federation of Exchanges as well as Chairman of the International Joint Forum.

COMPANY SECRETARY

NAME	PARTICULARS
Mr P Ferguson	Group General Counsel and Company Secretary. Peter joined the Company in June 2011 and is responsible for legal and governance support across the group. Peter has experience from international legal and commercial roles in the financial technology sector, with prior international and domestic appointments including seven years with OMX (now Nasdaq OMX) located in Stockholm and later Sydney. He is a member of the Board of the Schizophrenia Fellowship of NSW.

NON-EXECUTIVE DIRECTOR SKILLS SUMMARY AND TENURE DETAILS

NAME	BACKGROUND	APPOINTED	ELECTED /RE-ELECTED
Mr P Dunai	Technical, industry, CEO experience.	31-May-1993	05-May-2010, 02-May-2013
Ms J Seabrook	Investment banking, capital markets, banking, accounting, broad NED experience.	20-August-2008	07-May-2009, 05-May-2014
Mr J Cameron	Technical, industry, CEO experience.	15-March-2010	05-May-2010, 02-May-2013
Mr J Hayes	CFO, financial markets industry experience, accounting and banking.	10-June-2011	03-May-2012
Mr A D'Aloisio	CEO, government, regulatory and governance experience.	01-June-2012	02-May-2013

PRINCIPAL ACTIVITIES

During the course of the period, the principal continuing activities of the Group consisted of the provision of information, trading, compliance, order management, portfolio and wealth management, and lending workflow systems and related tools. The principal clients comprise financial markets and wealth management participants and lending institutions in Australia, New Zealand, Canada and South Africa and the United Kingdom, and smaller client presences associated with the Group's investments in Asia.

The activities of the Group are described within three main businesses being Financial Markets, Wealth Management, and Enterprise (Lending), with numerous areas of cross-over and many clients who subscribe to services across the Group's businesses. The Group's businesses are represented by leading core product capabilities of: IRESS (market information and trading platform), XPLAN (wealth management and advice platform), and MSO (lending automation and processing platform).

The Group's strategy is based upon building leading software with quality delivery and support. The success of this strategy over time has underpinned resilient, recurring revenue.

The origins of the Group are Australian and where continued strength of our Australasian businesses remains an important component of our growth strategy and initiatives to broaden geographic reach. Over time the Group's business and geographic diversity has grown such that a material contribution is made from outside Australia.

REVIEW OF OPERATIONS

FINANCIAL MARKET SOLUTIONS

The Group's Financial Markets business provides a leading range of multi-market products and services including global market data, buy-side and sell-side order and execution management, portfolio management, direct exchange connectivity, FIX based routing, smart order routing. These solutions can be delivered via the desktop, web or mobile device. The solutions are modular and integrated, allowing clients to tailor functionality for different trader roles, business units and departments, while maintaining a single platform across their organisation. Specific solutions are offered for retail advisers and their clients, through to institutional traders and specialist market makers. Revenue of the business is overwhelmingly recurring subscription based.

WEALTH MANAGEMENT SOLUTIONS

The Group's Wealth Management business is primarily based around the XPLAN wealth management platform and services. The XPLAN solution is a web-based system offering leading features that address client management, practice management, document management, compliance management, portfolio management and research, cash flow modelling, risk insurance research, mortgage qualification and research, integrated revenue management system. XPLAN is a scalable wealth management and advice platform that is configured to support individual business through to institutional multi-channel and regional wealth managers. Revenue of the business is overwhelmingly recurring subscription based.

ENTERPRISE SOLUTIONS

The Enterprise (Lending) business is based around the MSO (Mortgage Sourcing and Origination) software. This is provided as a large scale software solution to leading lending institutions in the United Kingdom. The solution provides automation and integration to existing bank systems facilitating mortgage origination and multi-channel distribution through a single solution. Where adopted, it has had a transformational impact on mortgage processing efficiency and workflow for retail lenders. Historically, services have primarily been provided as maintenance, customisation and configurations, as well as enterprise license fee payments. The maintenance revenues are recurring in nature, the other revenues are less so. The level of integration and customisation involved results in clients entering multi-year contracts, some with minimum commitments on support hours, which in aggregate gives some visibility of future revenues. The characteristics of the Enterprise business mean that earnings have greater volatility than typically occurring in the Group's Financial Market and Wealth Management businesses.

DIRECTORS' REPORT (CONTINUED)

OPERATING AND FINANCIAL REVIEW

OPERATIONS

IRESS' recurring subscription model continues to drive results and outlook, particular for the Financial Markets and Wealth Management businesses. The Group outlook is however less predictable due to visibility of revenue from Enterprise Lending acquired as part of the Avelo transaction in September 2013.

Economic Conditions:

- External factors have continued to impact financial pressures, cost reduction focus and levels of discretionary expenditure for financial markets participants.
- Regulatory change and resulting strategic opportunities were drivers for growth in our wealth management business, reflected by heightened operational activity.
- There remains strong demand in specific segments, products and geographies.

DIVIDENDS

The IRESS dividend policy is to target a payout of not less than 80% of underlying Group earnings on an annualised basis subject to accounting limitations. The dividend policy may be modified by the Board in the future, where it is felt appropriate, including situations which may arise from the Company pursuing its strategy. Dividends continue to be franked to essentially the fullest extent possible continuing to reflect the geographical context of the business operationally and for taxation.

INVESTMENTS FOR FUTURE PERFORMANCE

In looking at the Group's performance during the half year to 30 June 2014, the following are important themes in relation to medium term growth opportunities:

- The Group continued its strategy of local tailoring of solutions to all segments of our client base and adding value, avoiding where possible commodity product status. In addition to understanding changes in technology and regulation it requires a willingness to invest for the medium term, and engage in active and responsive dialogue with our clients.
- It remains important that the Group continues to act as a responsive vendor, and anticipating and meeting client requirements as their businesses evolve.
- Resilient business performance in our Australasian businesses through continued product investment and support, and demand for solutions in response to regulatory change.
- Established scale in the United Kingdom and execution of our strategy to combine product capabilities and expertise to leverage available opportunities. The United Kingdom represents a regional platform for domestic and regional growth.
- Organic investments in Asia and the United Kingdom built around key seed clients continue to mature. The Group is confident and committed to opportunities seeking medium term growth.
- Leveraging a strong balance sheet and financial stability, and in line with the Group's strategic objectives, potential acquisitions and opportunities remain in consideration.
- Continued focus on expansion of product offerings in response to market opportunities, regulatory change and technology.

REVIEW OF GROUP RESULTS AND FINANCIAL CONDITION

The reported net profit after tax attributable to shareholders of Iress Limited was $30.1m (2013: $17.8m).

Impacting on comparability of results for 2014 and 2013 are:

REVIEW OF GROUP RESULTS AND FINANCIAL CONDITION (CONTINUED)

- Revenue from ordinary activities increased by $64.8m or up 61.5%, driven by $59.5m contribution from the United Kingdom and growth in Wealth Management in Australia & NZ (A&NZ) by $4.9m.

- Employee benefits expenses increased by $35.0m or 79% during the period. This increase arises from a number of factors including:

  • Reflecting the Avelo acquisition together with continued investment to support product development and service levels, headcount increased during the period by 578.

  • Share based payments (SBP) issued to employees decreased slightly, mainly due to cancellations during the period.

- Other employee administration expenses increased by $2.2m during the period, an increase in travel and accommodation expenditure associated with supporting an increasingly global business. The Group continues to incur greater than prior periods travel expenditure subsequent to the acquisition of Avelo in relation to integration activities.

- Facilities rent expense increased by $0.7m due to an additional rental expense relating to the United Kingdom business.

- Depreciation and amortisation expense increased by $2.8m, primarily from:

  • Additional intangible assets from the United Kingdom (Avelo acquisition),

  • An increase on plant and equipment acquired with Avelo.

- Other expenses including general administration expenses include additional project costs of $1.2m.

- Net interest and financing expense of $1.2m (2013: income of $0.3m), an increase in net interest expense on swaps and loans entered into late 2013.

- The collective impact of these changes was an increase in basic EPS from 13.82 cents per share to 18.95 cents per share, an increase of 37.1%.

Conversion of off-shore results to Australian Dollars:

- The Group has recorded a net loss of ($7.8m) (2013: gain of $1.2m) in other comprehensive income within the foreign currency translation reserve during the period. The exchange differences on translation of foreign operations resulted from the appreciation of the Great British Pound and New Zealand dollar against Australian currencies during the period. The negative impact is offset slightly by the positive impact from the depreciation of South African Rand, the Hong Kong Dollar, the Singapore Dollar and the Canadian Dollar.

- Net foreign exchange losses of $4.4m (2013: gain $0.4m) from foreign denominated transactions are recorded in the Group's results, offset by the unrealised gains from the revaluation of the hedge instruments $3.5m (2013: $nil).

- Movement in currency rates also impacts on the year on year performance assessment of offshore divisions when assessed in Australian dollars.

- The Group does not hedge the underlying net cash flows from its off shore operations.

REVIEW OF GROUP RESULTS AND FINANCIAL CONDITION (CONTINUED)

Capital structure and treasury policy:

- IRESS equity capital structure consists solely of fully paid up shares, and share rights associated with employee share plans (refer to note 6).
- Treasury practice is not to hedge the net foreign exchange exposures arising from divisional operations. As a result the AUD reported results for the international divisions are subject to foreign exchange fluctuations. Where foreign currency balances are required these are typically arranged on a spot basis to meet the cashflow requirement. As noted above, a cross currency swap arrangement has been entered into as part of the funding arrangement for the Avelo acquisition. This arrangement will provide an element of offset for translation movements arising on the Group's net assets located in the United Kingdom.

- Cash management practice is to invest cash balances beyond immediate day to day requirements in short dated term deposit or similar instruments.

Cash flows from operations:

- From Operations

    - The net cash generated from operating activities was $39.2m, (2013: $35.7m) a 10% increase from the same period last year, which reflects a number of factors.

      • Receipt from customers increased from $115.7m in 2013 to $193.9m in 2014.

      • Increase in payment to employees of $45.5m, primarily arises from the additional full time equivalent staff that joined the Group as a result of the acquisition of Avelo in September 2013.

- From Investing activities

    - The net investment cash outflow represents the purchase of plant and equipment during the period.

- From Financing activities

    - The net cash outflow from financing activities was $38.8m (2013: $31.4m), and related to the final dividends declared and paid to members of IRESS.

DIRECTORS' REPORT (CONTINUED)

REVIEW OF GROUP RESULTS AND FINANCIAL CONDITION (CONTINUED)

The results of the business when viewed on a product basis including investments are as follows:

		Financial Markets $'000 (b)	Wealth Management $'000 (b)	Enterprise $'000	Underlying Group $'000 (b)	Strategic Charges $'000	Reported Group $'000
RECURRING OPERATIONAL (a)							
Operating revenue	2014	72,648	75,279	22,231	170,158	-	170,158
	2013	72,495	32,896	-	105,391		105,391
Segment Profit	2014	28,551	24,336	6,447	59,334	-	59,334
	2013	29,306	11,638	-	40,944	-	40,944
Segment Profit before tax (c)	2014				55,003	(7,334)	47,669
	2013				37,186	(5,105)	32,081
Segment Profit after tax	2014				38,227	(5,097)	33,130
	2013				25,845	(3,548)	22,297
NON-CORE							
Share Based Payments	2014				(2,758)	(1,575)	(4,333)
	2013				(3,526)	(1,137)	(4,663)
Treasury (d)	2014						(4,056)
	2013						309
Other Non-Core Expense	2014						(4,841)
	2013						(1,748)
Total Non-Core Expense Before Tax	2014						(13,230)
	2013						(6,102)
REPORTED Profit after tax	2014						30,073
	2013						17,820

Table 1

(a) IRESS considers inter-period comparability of results is best presented as the underlying operating results of the relevant businesses calculated excluding share based payments, non-core items, and amortisation of intangible assets recognised through acquisition (strategic charges) and has presented results in this manner for the past 10 years. Reflecting the introduction of debt into group in September 2013, and its impact on inter-period comparability of results, the underlying group results have been reported on a de-geared basis, with all financing impact reflected in the Treasury line included in the Non-Core section.

(b) These segment results are inclusive of the Group’s investments in the emerging business in Asia and Financial Markets in the United Kingdom.

(c) This figure is derived from segment profit before tax, after depreciation and amortisation from operations (excludes amortisation of intangible assets recognised through acquisition (strategic charges)). In prior years, this line item also included net interest.

(d) Reflecting the introduction of debt into group in September 2013, a separate Treasury line has been introduced. This incorporates all costs associated with the Group’s debt funding, and includes interest income.

REVIEW OF GROUP RESULTS AND FINANCIAL CONDITION (CONTINUED)

The segment operating results are discussed in more detail on the followings pages.

AUSTRALIA AND NEW ZEALAND - FINANCIAL MARKETS

	2014 $'000	2013 $'000
Operating revenue	53,830	53,521
Segment profit (a)	25,231	25,435

Table 2

(a) Refer Note (a) in Table 1.

Commentary on operating results

• Revenue $53.8m (2013: $53.5m) up 1%

• Segment profit $25.2m (2013: $25.4m) down 1%

AUSTRALIA AND NEW ZEALAND - WEALTH MANAGEMENT

	2014 $'000	2013 $'000
Operating revenue	34,547	29,598
Segment profit (a)	16,363	13,084

Table 3

(a) Refer Note (a) in Table 1.

Commentary on operating results

• Revenue $34.5m (2013: $29.6m) up 17%

• Segment profit $16.4m (2013: $13.1m) up 25%

• The result reflects heightened activity in response to regulatory needs and opportunities across the client base in Australia, strategic projects and new client implementations.

• A large driver of activity was the Future of Financial Advice key date in July 2013, but this was surrounded by client activity that leveraged opportunities made available by our technology solutions.

• Margins were influenced by both the strong underlying operational performance of the division, which was to some extent offset by the business cost allocation exercise which saw costs previously recognised in other divisions allocated to Australia and New Zealand Wealth Management.

REVIEW OF GROUP RESULTS AND FINANCIAL CONDITION (CONTINUED)

CANADA

	2014 CAD $'000	2013 CAD $'000	2014 AUD $'000	2013 AUD $'000
Operating revenue	9,385	10,481	9,450	10,107
Segment profit (a)	2,825	2,620	2,843	2,525

Table 4

Commentary on operating results

• Revenue $9.5m (2013: $10.1m) down 6% (a decline of 10% in local currency)

• Segment profit $2.8m (2013: $2.5m) up 12% (an increase of 8% in local currency)

• The business in Canada continues to experience poor trading conditions that reflect broader economic challenges in Canada and those of the equity capital markets

• Lower operating expense has led to an improved segment profit compared to prior period.

SOUTH AFRICA

	2014 ZAR R'000	2013 ZAR R'000	2014 AUD $'000	2013 AUD $'000
Operating revenue	107,311	99,062	11,100	10,612
Segment profit (a)	27,521	31,395	2,827	3,351

Table 5

(a) Refer Note (a) in Table 1.

Commentary on operating results

• Revenue $11.1m (2013: $10.6m) up 5% (an increase of 8% in local currency)

• Segment profit $2.8m (2013: $3.4m) down 18% (a decrease of 12% in local currency)

• The local result combines the impact of product diversity and service focus underpinning subscription revenue, transactional revenue and IRESS products brought to market in response to opportunities

• Transactional volumes have played a major role in this result, however, new deployments of order management systems and IRESS Professional market data terminals have been important strategic and financial contributors

• Margins were influenced by both the strong underlying operational performance of the division, which was to some extent offset by the business cost allocation exercise which saw costs previously recognised in other divisions allocated to South Africa

• Direct cost particularly vendor fees have also impacted the segment results.

REVIEW OF GROUP RESULTS AND FINANCIAL CONDITION (CONTINUED)

ASIA

	2014 $'000	2013 $'000
Operating revenue	899	712
Segment loss (a)	(1,939)	(1,854)

Table 9

(a) Refer Note (a) in Table 1.

Commentary on operating results

• Revenue for the period was $0.9m (2013: $0.7m) up 28.6%

• Segment loss for the period was $1.9m (2013: $1.85m) increase of 5.0%

• The Asia margin reflect the impact of bearing the wage costs allocated to the business.

UNITED KINGDOM

	Financial Markets		Wealth Management		Enterprise		Total	
	2014 AUD $'000	2013 AUD $'000	2014 AUD $'000	2013 AUD $'000	2014 AUD $'000	2013 AUD $'000	2014 AUD $'000	2013 AUD $'000
Operating revenue	592	212	37,508	629	22,232	-	60,332	841
Segment profit/(loss) (a)	(490)	(282)	8,052	(1,315)	6,447	-	14,009	(1,597)

	Financial Markets		Wealth Management		Enterprise		Total	
	2014 GBP £'000	2013 GBP £'000	2014 GBP £'000	2013 GBP £'000	2014 GBP £'000	2013 GBP £'000	2014 GBP £'000	2013 GBP £'000
Operating revenue	323	140	20,421	413	11,987	-	32,731	553
Segment profit/(loss) (a)	(268)	(186)	4,378	(867)	3,419	-	7,529	(1,053)

Table 7

(a) Refer Note (a) in Table 1.

Commentary on operating results

Financial Markets

• Revenue for the period was $0.6m (2013: $0.2m) up 200.0% (an increase of 200.0% in local currency)

• Segment loss for the period was $0.5m (2013: loss $0.3m) increase of 66.7% (an increase of 50.0% in local currency)

• Our focus in the United Kingdom is disciplined based on selected products and solutions supported by local and regional capability and we expect opportunities from demand for integrated trading and wealth solutions.

REVIEW OF GROUP RESULTS AND FINANCIAL CONDITION (CONTINUED)

UNITED KINGDOM (CONTINUED)

Commentary on operating results (continued)

Wealth Management

• Revenue for the period was $37.5m (2013:$0.6 m). Avelo contributed $36.1m in 2014 (2013: $nil)

• Segment profit for the period was $8.1m (2013: loss $1.3m)

• A focus in 2014 has been integrating the existing IRESS Wealth Management business and the Avelo Wealth Management business. This is now been substantially completed which enables IRESS to focus on combined efforts delivering to existing clients and commitments while securing new opportunities.

Enterprise

• Revenue for the period was $22.2m (2013: $nil)

• Segment profit for the period was $6.4m (2013: $nil)

• Work associated with Mortgage Market Review compliance which became effective in April 2014 has been a strong source of demand.

STRATEGY AND FUTURE PERFORMANCE

The Group's objectives are to maintain the Group's existing franchise and grow business operations through a combination of organic and inorganic transactions with a view to generating acceptable risk adjusted growth in earnings.

The Group will continue its strategy of local tailoring of solutions to all segments of our client base and adding value, avoiding where possible, commodity product status. A focus in 2014 and beyond will be positioning the United Kingdom for success. Further disclosure of information regarding likely developments in the operations of the Group in future financial years, and the expected results of those operations is likely to result in unreasonable prejudice to the Group Accordingly, this information has not been disclosed in this report.

CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial period other than those referred to in the financial statements or notes thereto.

SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen since the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page15 .

DIRECTORS' REPORT (CONTINUED)

ROUNDING OFF AMOUNTS

The Company is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with the Class Order, amounts in the Financial Report are rounded off to the nearest thousand dollars, and where possible, in the Directors' report.

Signed in accordance with a resolution of the Directors made pursuant to S. 306(3) of the Corporations Act 2001.

On behalf of the Directors

Mr A Walsh

Managing Director

MELBOURNE, 20 AUGUST 2014

Deloitte.

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20 August 2014

The Board of Directors
IRESS Limited
Level 18, 385 Bourke Street
MELBOURNE VIC 3000

Dear Board Members

IRESS Limited

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

As lead audit partner for the review of the financial statements of IRESS Limited for the half year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G J McLean
Partner
Chartered Accountants

Deloitte.

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Independent Auditor's Review Report to the Members of IRESS Limited

We have reviewed the accompanying half year financial report of IRESS Limited, which comprises the condensed consolidated statement of financial position as at 30 June 2014, and the condensed consolidated statement of profit and loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half year or from time to time during the half year as set out on pages 18 to 39.

Directors' Responsibility for the Half Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of IRESS Limited's financial position as at 30 June 2014 and its performance for the half year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of IRESS Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half year ended on that date; and

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G J McLean
Partner
Chartered Accountants
Melbourne, 20 August 2014

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached interim financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

Mr A Walsh
Chief Executive Officer and Managing Director
MELBOURNE

20 August 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2014

	Notes	CONSOLIDATED	
		HALF-YEAR ENDED 30 JUNE 2014 $'000	HALF-YEAR ENDED 30 JUNE 2013 $'000
Revenue from ordinary activities		**170,158**	105,391
Other income		**68**	462
Customer data fees		**(14,671)**	(11,077)
Communication and other technology expenses		**(7,114)**	(5,450)
Employee benefits expense	2	**(79,222)**	(44,261)
Employee administration expenses		**(4,354)**	(2,118)
Other expenses including general administration expenses		**(8,383)**	(3,840)
Facilities rent		**(3,039)**	(2,345)
Bad and doubtful debts		**(486)**	(10)
Business acquisition and restructuring expenses		**(1,315)**	(2,220)
Foreign exchange gain/(loss)	3	**(4,367)**	-
Profit before depreciation, amortisation, interest and income tax		**47,275**	34,532
Depreciation and amortisation expense		**(11,665)**	(8,858)
Profit before interest and income tax expense		**35,610**	25,674
Interest revenue		**2,342**	393
Interest expense		**(7,004)**	(88)
Financing income	3	**3,491**	-
Net interest and financing costs		**(1,171)**	305
Profit before income tax		**34,439**	25,979
Income tax expense	4	**(4,366)**	(8,159)
Profit after income tax		**30,073**	17,820
Other comprehensive income			
Item that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(7,787)**	1,209
Total comprehensive income for the period		**22,286**	19,029
Earnings per share			
Basic earnings per share		**18.95**	13.82
Diluted earnings per share		**18.78**	13.73

Notes to the Condensed consolidated financial statements are included on pages 23 to 39

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Notes	CONSOLIDATED 30 JUNE 2014 $'000	31 DECEMBER 2013 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	11	**68,223**	71,405
Trade and other receivables		**19,003**	25,684
Other receivables		**14,761**	11,154
Current tax receivables		**-**	174
Other current assets		**-**	56
Total current assets		**101,987**	108,473
NON-CURRENT ASSETS			
Plant and equipment		**9,261**	9,698
Computer software		**24,311**	30,258
Goodwill		**381,835**	391,524
Intangibles		**16,417**	18,406
Deferred tax assets		**22,600**	26,579
Other financial assets		**36**	37
Total non-current assets		**454,460**	476,502
Total assets		**556,447**	584,975
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		**14,151**	21,108
Other payables		**21,575**	17,451
Current tax payables		**1,541**	3,902
Provisions		**7,330**	10,173
Total current liabilities		**44,597**	52,634
NON-CURRENT LIABILITIES			
Borrowings	12	**178,179**	177,326
Derivative liabilities	12	**7,144**	10,636
Provisions		**6,232**	5,790
Deferred tax liabilities		**5,722**	11,820
Total non-current liabilities		**197,277**	205,572
Total liabilities		**241,874**	258,206
Net assets		**314,573**	326,769
EQUITY			
Issued capital	6	**275,315**	275,315
Reserves		**57,417**	60,871
Retained earnings / (accumulated losses)		**(18,159)**	(9,417)
Total equity		**314,573**	326,769

Notes to the Condensed consolidated financial statements are included on pages 23 to 39

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2014

	CONSOLIDATED				
	Issued Capital $'000	**Retained earnings/ (accumulated losses) $'000**	**Share-based payments reserve $'000**	**Foreign currency translation reserve $'000**	**Total $'000**
Balance at 1 January 2014	275,315	(9,417)	54,575	6,296	326,769
Profit for the period	-	30,073	-	-	30,073
(Decrease)/increase in translation reserve arising on translation of foreign operations	-	-	-	(7,787)	(7,787)
Total comprehensive income for the period	**-**	**30,073**	**-**	**(7,787)**	**22,286**
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	-	(38,815)	-	-	(38,815)
Cost of share-based payments	-	-	4,333	-	4,333
	-	(38,815)	4,333	-	(34,482)
Balance at 30 June 2014	**275,315**	**(18,159)**	**58,908**	**(1,491)**	**314,573**

	Issued Capital $'000	**Retained earnings/ (accumulated losses) $'000**	**Share-based payments reserve $'000**	**Foreign currency translation reserve $'000**	**Total $'000**
Balance at 1 January 2013	75,898	14,626	47,220	(10,906)	126,838
Profit for the period	-	17,820	-	-	17,820
Increase/(decrease) in translation reserve arising on translation of foreign operations	-	-	-	1,209	1,209
Total comprehensive income for the period	**-**	**17,820**	**-**	**1,209**	**19,029**
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	-	(31,512)	-	-	(31,512)
Cost of share-based payments	-	-	4,663	-	4,663
	-	(31,512)	4,663	-	(26,849)
Balance at 30 June 2013	**75,898**	**934**	**51,883**	**(9,697)**	**119,018**

Notes to the Condensed consolidated statement of changes in equity are included on pages 23 to 39

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2014

	Notes	CONSOLIDATED HALF-YEAR ENDED 30 JUNE 2014 $'000	HALF-YEAR ENDED 30 JUNE 2013 $'000
Cash flows from operating activities			
Receipts from customers		**193,857**	115,742
Payments to suppliers		**(59,147)**	(33,445)
Payments to employees		**(82,346)**	(36,822)
Interest and bill discounts received		**2,342**	412
		54,706	45,887
Interest paid		**(7,004)**	(6)
Income taxes paid		**(8,511)**	(10,194)
Net cash inflow from operating activities		**39,191**	35,687
Cash flows from investing activities			
Payments for plant and equipment		**(3,795)**	(3,997)
Proceeds from/(payment for) investment in listed companies		**-**	2
Dividends received		**66**	33
Net cash (outflow) from investing activities		**(3,729)**	(3,962)
Cash flows from financing activities			
Dividends paid		**(38,815)**	(31,447)
Net cash (outflow) from financing activities		**(38,815)**	(31,447)
Net increase / (decrease) in cash and cash equivalents		**(3,353)**	278
Cash and cash equivalents at the beginning of the financial period		**71,405**	55,967
Effects of exchange rate changes on cash and cash equivalents		**171**	1,012
Cash and cash equivalents at end of period	11	**68,223**	57,257

Notes to the Condensed consolidated statement of cash flows are included on pages 23 to 39

1 STATEMENT OF COMPLIANCE

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, and AASB 134 “Interim Financial Reporting” and other mandatory professional reporting requirements. Compliance with AASB 134 ensures compliance with International Financial Reporting standard IAS 34 “Interim Financial Reporting”.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report.

The condensed half-year financial report should be read in conjunction with the annual financial report of IRESS for the year ended 31 December 2013. All amounts are presented in Australian dollars unless otherwise indicated.

It is also recommended that the half-year financial report be considered together with any public announcements made by IRESS during the half-year ended 30 June 2014 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The half-year financial report was authorised for issue by the directors on 20 August 2014.

BASIS OF PREPARATION

The condensed consolidated half-year financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for annual reporting periods commencing on or after 1 January 2014. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Group’s policies.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group’s 2013 annual financial report.

2 EMPLOYEE BENEFIT EXPENSES

	CONSOLIDATED	
	HALF-YEAR ENDED 30 JUNE 2014 $'000	HALF-YEAR ENDED 30 JUNE 2013 $'000
Employee benefit expenses can be broken down as follows:		
Total monetary based expense (a)	**74,889**	39,598
Share based payment expense (b)	**4,333**	4,663
Total employee benefit expense	**79,222**	44,261

(a) Total monetary based expense comprises salary and fees, bonuses, superannuation and other benefits.
(b) Expense recognised in accordance with AASB 2 'Share Based Payment'. This expense is a function of both the value and duration of the instruments granted. The expense recognised in 2014 represents a combination of share grants awarded in 2014 and in prior years.

	CONSOLIDATED	
	HALF-YEAR ENDED 30 JUNE 2014 $'000	HALF-YEAR ENDED 30 JUNE 2013 $'000
Total monetary based expense consists of		
Salaries and wages	**61,719**	31,423
Defined contribution plans	**4,609**	2,528
Termination benefits	**10**	76
Other employee benefits	**8,551**	5,571
Total monetary based expense	**74,889**	39,598

	CONSOLIDATED	
	HALF-YEAR ENDED 30 JUNE 2014 $'000	HALF-YEAR ENDED 30 JUNE 2013 $'000
Share based payment expense consists of		
UK Establishment Share Grants	**1,085**	1,137
All other share rights	**3,248**	3,526
Total share based payment expense	**4,333**	4,663

3 NET FOREIGN EXCHANGE GAINS AND LOSSES

	CONSOLIDATED	
	HALF-YEAR ENDED 30 JUNE 2014 $'000	HALF-YEAR ENDED 30 JUNE 2013 $'000
Unrealised foreign exchange gains/(losses) from operations	**(4,624)**	-
Realised foreign exchange gains/(losses) from operations	**257**	-
Net foreign exchange gains/(losses) included in expenses (a)	**(4,367)**	-
Revaluation of swaps	**3,491**	-
Net foreign exchange gains included financing income (b)	**3,491**	-
Net foreign exchange gains/(losses) recognised in profit before income tax	**(876)**	-

(a) Following the aquisition of Avelo, the Group is exposed to a larger proportion of foreign denominated transactions.

In prior periods this exposure has been immaterial and hence has been included in "Other expenses including general administration expenses" in the Consolidated statement of profit or loss and other comprehensive income.

Given the Group will continue to have exposure to a larger proportion of foreign denominated transactions, the foreign exchange gains/(losses) will be presented separately in future reporting periods.

(b) Financing income comprises the fair value of two GBP 33.000m swap liabilities for 3 years and 5 years respectively (2013: $nil). This income is partially offset by the unrealised foreign exchange loss on the movement on the financing of Avelo.

4 INCOME TAX

(a) INCOME TAX RECOGNISED IN PROFIT OR LOSS

	CONSOLIDATED	
	HALF-YEAR ENDED 30 JUNE 2014 $'000	HALF-YEAR ENDED 30 JUNE 2013 $'000
Tax expense comprises		
Current tax expense	**8,257**	6,916
Adjustments for current tax of prior periods	**(1,405)**	(1,507)
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	**(2,119)**	2,790
Effect of different tax rates	**(367)**	(40)
	4,366	8,159

4 INCOME TAX (CONTINUED)

(b) RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE

	CONSOLIDATED HALF-YEAR ENDED	
	HALF-YEAR ENDED 30 JUNE 2014 $'000	HALF-YEAR ENDED 30 JUNE 2013 $'000
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit from continuing operations before income tax expense	**34,439**	25,979
Tax at the Australian tax rate of 30.0% (2013 - 30.0%)	**10,332**	7,794
Effect of research and development expenditure tax incentive	**-**	(1,181)
Deductible share based payments expenses not previously recognised	**-**	515
Non deductible expenses / (non assessable income)	**(5,599)**	1,397
	4,733	8,525
Effect of different tax rates	**(367)**	(40)
(Over)/under provision of income tax in previous year	**-**	(326)
Income tax expense	**4,366**	8,159

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

5 SEGMENT INFORMATION

In 2013, it was resolved that the Group's operations would be managed by region, where scale permits. The exceptions to this are in Australia and New Zealand, where the operations are still managed by Financial Markets and Wealth Management, and in the United Kingdom, where the operations are currently managed by Financial Markets, Wealth Management and Enterprise. Any transactions directly between segments are charged on an arm’s length basis.

The Group's segments are Australia and New Zealand Financial Markets, Australia and New Zealand Wealth Management, Canada, South Africa, Asia, United Kingdom Financial Markets, United Kingdom Wealth Management and United Kingdom Enterprise Solutions.

FINANCIAL MARKET SERVICES

The Group’s financial market services division provides information, trading, compliance, order management, portfolio systems and related tools to cash equity participants in Australia, New Zealand, Canada, Asia and South Africa. In addition this segment recently established operations in the United Kingdom.

WEALTH MANAGEMENT SERVICES

In this division the Group provides financial planning systems and related tools to wealth management professionals located in Australia, New Zealand, South Africa, Asia and the United Kingdom.

5 SEGMENT INFORMATION (CONTINUED)

ENTERPRISE SERVICES

In this division, the Group operates in the United Kingdom enterprise mortgage origination. The business utilises a mix of resourcing arrangements that provides flexible matching of capacity to client.

SEGMENT REVENUES

	CONSOLIDATED	
	HALF-YEAR ENDED 30 JUNE 2014 $'000	HALF-YEAR ENDED 30 JUNE 2013 $'000
Australia & New Zealand Financial Markets	**53,830**	53,521
Australia & New Zealand Wealth Management	**34,547**	29,598
Canada	**9,450**	10,107
South Africa	**11,100**	10,612
Asia	**899**	712
United Kingdom Financial Markets	**592**	212
United Kingdom Wealth Management	**37,508**	629
United Kingdom Enterprise Solutions	**22,232**	-
Total of all segments	**170,158**	105,391
Other income	**68**	462
Interest revenue	**2,342**	393
Consolidated	**172,568**	106,246

5 SEGMENT INFORMATION (CONTINUED)

SEGMENT PROFITS / (LOSSES)

	CONSOLIDATED	
	HALF-YEAR ENDED 30 JUNE 2014 $'000	HALF-YEAR ENDED 30 JUNE 2013 $'000
Australia & New Zealand Financial Markets	**25,231**	25,435
Australia & New Zealand Wealth Management	**16,363**	13,084
Canada	**2,843**	2,525
South Africa	**2,827**	3,351
Asia	**(1,939)**	(1,854)
United Kingdom Financial Markets	**(490)**	(282)
United Kingdom Wealth Management	**8,052**	(1,315)
United Kingdom Enterprise Solutions	**6,447**	-
Total of all segments	**59,334**	40,944
Share based payment expense	**(4,333)**	(4,663)
Other contribution (a)	**(7,726)**	(1,749)
Earnings before interest, taxes, depreciation and amortisation	**47,275**	34,532
Depreciation and amortisation expense	**(11,665)**	(8,858)
Net interest and financing costs	**(1,171)**	305
Profit before income tax expense	**34,439**	25,979
Income tax expense	**(4,366)**	(8,159)
Profit attributable to the members of the parent entity	**30,073**	17,820

(a) Consists of:

Business acquisition expenses	**-**	(2,220)
Business restructure expenses	**(1,315)**	-
Unrealised foreign exchange gain/(loss)	**(4,367)**	-
Other	**(2,044)**	471
	(7,726)	(1,749)

5 SEGMENT INFORMATION (CONTINUED)

SEGMENT ASSETS AND LIABILITIES

	30 JUNE 2014					
	Cash	**Receivables**	**Payables**	**Borrowings**	**Derivative Liabilities**	**Total**
Australia & New Zealand	29,396	13,037	(8,444)	(178,179)	(7,144)	(151,334)
Canada	4,295	695	(732)	-	-	4,258
South Africa	8,937	1,541	(765)	-	-	9,713
Asia	1,352	248	(74)	-	-	1,526
United Kingdom	24,243	3,482	(4,136)	-	-	23,589
Total consolidated	68,223	19,003	(14,151)	(178,179)	(7,144)	(112,248)

	31 DECEMBER 2013					
	Cash	**Receivables**	**Payables**	**Borrowings**	**Derivative Liabilities**	**Total**
Australia & New Zealand	45,319	13,090	(10,985)	(177,326)	(10,636)	(140,538)
Canada	1,160	1,466	(672)	-	-	1,954
South Africa	6,414	1,518	(964)	-	-	6,968
Asia	2,430	154	(204)	-	-	2,380
United Kingdom	16,082	9,456	(8,283)	-	-	17,255
Total consolidated	71,405	25,684	(21,108)	(177,326)	(10,636)	(111,981)

OTHER SEGMENT INFORMATION

	CONSOLIDATED	
	HALF-YEAR ENDED 30 JUNE 2014 $'000	HALF-YEAR ENDED 30 JUNE 2013 $'000
Depreciation and amortisation		
Australia & New Zealand	**6,594**	7,243
Canada	**267**	324
South Africa	**540**	972
Asia	**115**	182
United Kingdom	**4,149**	137
Total	**11,665**	8,858
Additions to Plant and Equipment		
Australia & New Zealand	**1,305**	1,214
Canada	**36**	176
South Africa	**340**	824
Asia	**6**	123
United Kingdom	**1,014**	265
Total	**2,701**	2,602

5 SEGMENT INFORMATION (CONTINUED)

OTHER SEGMENT INFORMATION (CONTINUED)

	CONSOLIDATED	
	HALF-YEAR ENDED 30 JUNE 2014 $'000	HALF-YEAR ENDED 30 JUNE 2013 $'000
Additions to software		
Australia & New Zealand	**294**	1,136
Canada	**-**	-
South Africa	**4**	12
Asia	**-**	-
United Kingdom	**30**	-
Total	**328**	1,148

6 ISSUED CAPITAL

(a) ISSUED CAPITAL

	30 JUNE 2014 $'000	31 DECEMBER 2013 $'000
159,097,319 fully paid ordinary shares (31 December 2013: 158,585,126)	**275,315**	275,315

(b) FULLY PAID ORDINARY SHARE CAPITAL

	30 JUNE 2014		31 DECEMBER 2013	
	Shares (No. '000)	**$'000**	Shares (No. '000)	$'000
Balance at beginning of half year	**158,585**	**275,315**	128,620	75,898
Shares issued to IRESS Limited Equity Plan Trust pursuant to share plans (a) (b)	**512**	**-**	1,130	-
Issue of shares to the IRESS General Employee Share Plan	**-**	**-**	29	161
Issue of shares from an accelerated renounceable entitlement offer (c)	**-**	**-**	28,806	205,965
Costs associated with share issue	**-**	**-**	-	(7,623)
Deferred tax asset recognised directly in equity	**-**	**-**	-	914
Balance at end of half year	**159,097**	**275,315**	158,585	275,315

(a) Additional issued capital arising from the issue of these shares for the half year ended 30 June 2014 and 31 December 2013 amounted to $17 and $55 respectively.

6 ISSUED CAPITAL (CONTINUED)

(b) FULLY PAID ORDINARY SHARE CAPITAL (CONTINUED)

(b) The IRESS Limited Equity Plan Trust ('Trust') is a special purpose entity which is included in the Group for financial reporting. The Company provides funding to the Trust to support the Trust as part of its administrative role for the share plans, either by subscribing for shares in the Company or by buying shares on-market. Where the Trust subscribes for shares in the Company, the increase in the number of fully paid ordinary shares is recognised as an increase in the number of shares on issue, however the cash proceeds are not recognised as a monetary increase in total paid up capital.

(c) The Company completed two components of equity raising through an underwritten pro-rata AREO in 2013. The institutional component, completed on 9 August 2013, resulted in an issue of 21,321,727 additional shares, and raised $152.450m from eligible institutional shareholders. The retail component completed, on 29 August 2013, resulted in an issue of 7,484,556 additional shares, and raised $53.515m from eligible retail shareholders. Acquisition related costs of $7.623m relating to the issue of equity were incurred as part of the AREO.

(c) EXECUTIVE LTI PLAN

On 19 June 2014, the Performance Rights Plan was renamed to the Executive LTI plan ("LTI").

These performance rights have been granted primarily to the Managing Director, Executives of the Group. These performance rights will vest over time subject to satisfying the criteria set out in the relevant plan rules. Once vested, the holder of the performance rights is required to pay $1 per series to exercise the right.

(d) DEFERRED SHARES

Pursuant to deferred shares granted to the Managing Director, Executives and employees during the half-year which have not yet vested, a total of 629,960 new shares were subscribed for by the Trust.

(e) DEFERRED SHARE RIGHTS

Pursuant to deferred share rights granted to Executives and employees in prior years which vested during the half-year, a total of 123,954 shares were subscribed for by the Trust.

Following cancellations of share rights granted to employees, as at 30 June 2014 the Trust holds 156,668 treasury shares.

7 DIVIDENDS

	HALF-YEAR ENDED 30 JUNE 2014		HALF-YEAR ENDED 30 JUNE 2013	
	CENTS PER SHARE	TOTAL $'000	CENTS PER SHARE	TOTAL $'000
Recognised amounts				
Final Dividend (a)	24.5 (b)	38,815	24.5 (b)	31,512
		38,815		31,512
Unrecognised amounts				
Interim dividend	16.0 (c)	25,456	13.5 (b)	17,494
		25,456		17,494

(a) This relates to the dividend paid based on the prior year's results. Where applicable, amounts provided have been amended to reflect the actual dividend paid.
(b) Franked to 90% at a 30% tax rate.

7 DIVIDENDS (CONTINUED)

(c) Franked to 40% at a 30% tax rate. The estimated value of the 2014 interim dividend declared subsequent to 30 June 2014 has been calculated based on 159,097,319 ordinary shares, comprising shares on issue as at 30 June 2014.

8 CONTINGENCIES

The Directors are of the opinion that there are no contingent liabilities that need to be disclosed at the reporting date.

9 EARNINGS PER SHARE

(a) RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE

	CONSOLIDATED	
	HALF-YEAR ENDED 30 JUNE 2014 Cents per Share	HALF-YEAR ENDED 30 JUNE 2013 Cents per Share
Basic earnings per share	18.945	13.823
Diluted earnings per share	18.778	13.726

(b) BASIC EARNINGS PER SHARE

		HALF-YEAR ENDED 30 JUNE 2014 '000	HALF-YEAR ENDED 30 JUNE 2013 '000
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows.			
Earnings used in the calculation of basic earnings per share reconciles to profit attributable to the member of the parent entity in the statement of comprehensive income	$	**30,073**	17,820
Weighted average number of ordinary shares (a)	No	**158,741**	128,913

(a) Performance rights issued by the Company are considered to be potential ordinary shares and are therefore excluded from the weighted average number of ordinary shares used in the calculation of basic earnings per share. Where dilutive, potential ordinary shares are included in the calculation of diluted earnings per share.

(c) DILUTED EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows.			
Earnings used in the calculation of diluted earnings per share reconciles to profit attributable to the member of the parent entity in the statement of comprehensive income	$	**30,073**	17,820
Weighted average number of ordinary shares (refer to footnote (a) above)	No	**160,153**	129,827

9 EARNINGS PER SHARE (CONTINUED)

(c) DILUTED EARNINGS PER SHARE (CONTINUED)

Weighted average number of ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows.

Weighted average number of ordinary shares used in the calculation of basic EPS	No	**158,741**	128,913
Shares deemed to be issued for no consideration in respect of LTI (i.e. the dilutive impact of LTI and deferred share rights in existence during the year that were exercisable at below the weighted average market price) (a)	No	**1,412**	914
Weighted average number of converted, lapsed or cancelled potential ordinary shares used in the calculation of diluted earnings per share	No	**-**	-

Right to purchase ordinary shares pursuant to the employee share scheme

(a) The dilutive impact of future vestings of granted LTI has been derived assuming the relative ranking of IRESS to its peer group as measured at 30 June 2014 continues at that level through to the final vesting date for the applicable performance right.

No potential ordinary shares are deemed anti-dilutive (2013: Nil).

10 SHARE-BASED PAYMENTS

To assist in the attraction, retention and motivation of employees, the Company operates the following share based payment plans:

- the Executive LTI Plan;
- the General Employee Share Plan;
- the Employee Deferred Share Plan; and
- the Employee Deferred Share Rights Plan.

(a) MAY 2014 GRANTS

Effective from 7 May 2014, the Board issued share grants with a fair value of $9,093,814 (2013: $9,282,993) made up as follows:

- 126,000, nil and 58,000 (2013: 130,000,55,000 and nil) performance rights, deferred shares and deferred share rights respectively to the Managing Director;
- 108,610, nil and 79,310 (2013: 83,300, 65,580 and 5,160) performance rights, deferred shares and deferred share rights respectively to Executives;
- 154,540, 632,980 and 174,260 (2013: 165,810, 727,874 and 114,200) performance rights, deferred shares and deferred share rights respectively to employees of the Group;

Deferred Shares and Deferred Share Rights will generally, subject to the satisfaction of individual performance criteria, generally vest 3 years in accordance with the Employee Deferred Share Plan and Employee Deferred Share Rights Plan.

Performance rights issued to the Chief Executive Officer and Managing Director were issued in two tranches as set out below and subject to the satisfaction of the peer group performance criteria, will vest in 4 years from the grant date (i.e. 7 May 2017) in accordance with the LTI Plan.

- 63,000 performance rights with measurement commencing May 2014 (2013: 65,000 measurement commencing May 2013)

10 SHARE-BASED PAYMENTS (CONTINUED)

(a) MAY 2014 GRANTS (CONTINUED)

- 63,000 performance rights with measurement commencing May 2015 (2012: 65,000 measurement commencing May 2014)

Performance rights issued to Executives, subject to the satisfaction of the peer group performance criteria, will vest in 3 years in accordance with the LTI Plan.

(b) UK ESTABLISHMENT SHARE GRANTS

The UK Establishment Share Grants are linked to specific criteria associated with the establishment of these businesses in the region and have 1, 2, 3 and 4 year vesting periods.

The UK Establishment Share Grants which had an aggregate fair value of $5,215,630 in 2012 were a once-off grant. As such, there were no grants issued in 2013 or 2014. The combination of the performance criteria applied to meet vesting requirements combined with the ultimate value being linked to the share price is intended to provide a close alignment to shareholder interests.

While vesting outcomes for the UK Establishment Share Grants are weighted to years 3 and 4 actual share accounting expense is weighted more heavily to years 1 and 2. The UK Establishment Share Grants, after cancellations, represented $599,000 or 14% of the Group's total 2014 share based payment expense to June (June 2013: $1,137,000 or 27%).

(c) AVELO SHARE GRANTS

Following the acquisition of Avelo, deferred share rights were granted to Executives and staff of Avelo in two share grants. The fair value of the grant was $5,975,128 made up as follows:

- 93,466 deferred share rights to the Executives;
- 679,513 deferred share rights to the staff.

Deferred Share Rights will, subject to the satisfaction of individual performance criteria, vest in 3 years in accordance with the Employee Deferred Share Rights Plan.

The SBP expenses relating to these grants commenced 1 January 2014.

(d) FAIR VALUE OF SHARE RIGHTS AVAILABLE DURING THE PERIOD

The per unit fair value of share rights granted to Directors, Executives and staff during the financial year has been derived based on the external valuation advice from PricewaterhouseCoopers Securities Limited. The valuation has been made using a Monte Carlo simulation option pricing model using standard option pricing inputs such as the underlying stock price, exercise price, expected dividends, expected risk free rates and expected share price volatility. In addition, the likely achievement of performance hurdles of the share rights (where applicable) has been taken into account.

The following table summarises the movements in not-fully-vested share rights in place during the period.

10 SHARE-BASED PAYMENTS (CONTINUED)

(d) FAIR VALUE OF SHARE RIGHTS AVAILABLE DURING THE PERIOD (CONTINUED)

	30 JUNE 2014 Number of performance rights	31 DECEMBER 2013 Number of performance rights
EXECUTIVE LTI PLAN		
Balance at beginning of the period	**1,464,110**	1,419,510
Granted during the period	**389,150**	379,110
Realisable during the period	**-**	(208,234)
Cancelled during the period	**(85,780)**	(126,276)
Balance at end of year	**1,767,480**	1,464,110

	30 JUNE 2014 Number of deferred shares	31 DECEMBER 2013 Number of deferred shares
DEFERRED SHARES		
Balance at beginning of the period	**2,004,717**	1,859,581
Granted during the period	**632,980**	848,454
Realisable during the period	**(237,371)**	(562,851)
Cancelled during the period	**(49,944)**	(140,467)
Balance at end of year	**2,350,382**	2,004,717

	30 JUNE 2014 Number of deferred shares rights	31 DECEMBER 2013 Number of deferred shares rights
DEFERRED SHARE RIGHTS		
Balance at beginning of the period	**528,439**	733,602
Granted during the period	**1,084,549**	119,360
Realisable during the period	**(21,450)**	(200,821)
Cancelled during the period	**(183,415)**	(123,702)
Balance at end of year	**1,408,123**	528,439

11 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

For the purpose of the Condensed Consolidated Cash Flow Statement, cash and cash equivalents comprise the following at 30 June 2014 and 31 December 2013.

	CONSOLIDATED	
	30 JUNE 2014 $'000	31 DECEMBER 2013 $'000
Cash at bank and in hand	**68,223**	51,405
Deposits at call	**-**	20,000
Cash and cash equivalents	**68,223**	71,405

12 NON-CURRENT LIABILITIES - BORROWINGS AND DERIVATIVE LIABILITIES

	CONSOLIDATED	
	30 JUNE 2014 $'000	31 DECEMBER 2013 $'000
Secured borrowings (a) (b)	**180,495**	180,495
Borrowing costs capitalised (c)	**(3,291)**	(3,863)
Accrued interest	**975**	694
Derivative liabilities (d)	**7,144**	10,636
Total	**185,323**	187,962

(a) Includes a 3 year facility of $90.000m which expires September 2016 (2013: $90.000m), and a 5 year facility of $90.000m which expires September 2018 (2013: $90.000m).
(b) Security has been provided to support these loans and they are subject to covenants which have been complied with.
(c) Borrowing costs have been allocated to both the three year and five year facilities and will be amortised over the term of these facilities.
(d) Consists of the fair value of a 3 year swap liability of GBP 33.000m and a 5 year swap liability of GBP 33.000m.

(a) FAIR VALUE

The carrying amounts and fair values of borrowings and derivative liabilities at the end of the reporting period are:

	CONSOLIDATED			
	30 JUNE 2014		31 DECEMBER 2013	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
On-balance sheet				
Bank loans	**178,179**	**178,179**	177,326	177,326
Derivative liabilities	**7,144**	**7,144**	10,636	10,636
Total	**185,323**	**185,323**	187,962	187,962

(b) FAIR VALUE HIERARCHY

The carrying amount of financial liabilities for the Group recorded in the financial statements represents their respective net fair values, determined in accordance with the Group's accounting policies.

12 NON-CURRENT LIABILITIES - BORROWINGS AND DERIVATIVE LIABILITIES (CONTINUED)

(b) FAIR VALUE HIERARCHY (CONTINUED)

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments that are measured at fair value on a recurring basis into the three levels prescribed under the accounting standards. The only financial instrument of the Group at 30 June 2014 carried at fair value on a recurring basis were the forward exchange contract derivatives set out above. These derivatives would be characterised as Level 2.

For non current borrowings, the fair values are not significantly different to their carrying amounts.

The Group’s policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between fair value hierarchy levels for 30 June 2014 (2013: $nil). There are no significant unobservable inputs used in the Group's valuation model.

The Group did not measure any financial liabilities at fair value on a non-recurring basis as at 30 June 2014 (2013: $nil).

(c) VALUATION TECHNIQUES USED TO MEASURE FAIR VALUE

Level 2:
The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Discounted cash flow
Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit of various counterparties.

13 BUSINESS COMBINATION

(a) SUMMARY OF ACQUISITION

On 1 September 2013, the Company acquired 100% of Avelo FS Holdings Limited ('Avelo'). Avelo is a leading independent technology provider in the United Kingdom with a comprehensive product suite, clients spanning the entire financial services value chain, and an industrial technology capability for mortgage origination and processing.

Avelo was acquired for a cash payment of GBP 210.000m (AUD 357.507m).

The purchase price accounting which includes the fair value of the net assets acquired, including goodwill arising on acquisition, has been finalised.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

13 BUSINESS COMBINATION (CONTINUED)

(a) SUMMARY OF ACQUISITION (CONTINUED)

	31 DECEMBER 2013 $'000
Fair value of net assets acquired	
Cash	**3,095**
Trade receivables	**16,369**
Plant and equipment	**1,598**
Deferred tax asset	**5,768**
Intangible assets: customer relationships	**16,290**
Intangible assets: software	**13,704**
Payables	**(18,896)**
Provision for employee benefits	**(3,883)**
Deferred tax liability	**(5,999)**
Fair value of identifiable assets acquired	**28,046**
Goodwill arising on acquisition	**334,218**
Purchase consideration (refer to b below):	
Cash paid	**357,507**
Effect of cash flow hedge of the purchase price	**4,757**
Total purchase consideration	**362,264**

(b) PURCHASE CONSIDERATION - CASH OUTFLOW

The following table sets out the cash flow impact of the Avelo acquisition.

	31 DECEMBER 2013 $'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	357,507
Cash and cash equivalent balances acquired	(3,095)
Pre-acquisition loan advanced (a)	(252,050)
Net cash flow on acquisition date	102,362

(a) This amount was advanced prior to acquisition to facilitate the repayment of Avelo's existing external bank debt. This was advanced as two intercompany loans between:
• IRESS UK Holdings Limited and IRESS (UK) Limited (formerly Avelo FS Holdings Limited); and
• IRESS UK Holdings Limited and IRESS FS Group Limited (formerly Avelo FS Group Limited)

In addition to the cash outflow required to purchase Avelo, significant additional incremental specific costs have been recognised in the Consolidated Statement of Comprehensive Income in 2013 as a result of the acquisition as follows:

13 BUSINESS COMBINATION (CONTINUED)

(b) PURCHASE CONSIDERATION - CASH OUTFLOW (CONTINUED)

	31 DECEMBER 2013 $'000
Advisor fees directly associated with the acquisition	**11,614**
Debt arrangement costs (not including advisor costs)	**6,514**
Underwriting and similar arrangement costs	**4,938**
Costs associated with integration activities	**3,844**
Derivative cost	**2,661**
Other (a)	**938**
	30,509
Costs relating to debt raising (b)	**(6,535)**
Costs relating to equity raising (c)	**(7,623)**
Derivative cost	**(2,661)**
Total costs incurred in relation to the acquisition of Avelo	**13,690**

(a) Comprises Government fees and charges, travel and staff project related incentive payments.
(b) Borrowing costs relating to the establishment of facilities are capitalised as part of the debt instrument and amortised over the life of the facility.
(c) Transaction costs relating to the issue of equity are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate.

14 SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen since the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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