

Half Year Profit Announcement

Incorporating APPENDIX 4D

For the six months ended 30 June 2016

iress

IRESS Limited ABN 47 060 313 359

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ASX APPENDIX 4D

HALF YEAR RESULTS FOR ANNOUNCEMENT TO THE MARKET

NAME OF ENTITY	ABN REFERENCE
IRESS Limited (IRE)	47 060 313 359

1. Reporting periods

FINANCIAL HALF YEAR ENDED (‘CURRENT PERIOD’)	FINANCIAL HALF YEAR ENDED (‘PREVIOUS CORRESPONDING PERIOD’)
30 June 2016	30 June 2015

2. Results for announcement to the market

KEY INFORMATION	JUNE 2016 \$'000	JUNE 2015 \$'000	CHG \$'000	CHG %
Revenue from ordinary activities	194,342	173,191	21,151	12%
Profit before income tax expense	41,886	35,936	5,950	17%
Net profit attributable to the members of the parent entity	32,745	28,490	4,255	15%

3. Dividends

DIVIDEND	PERIOD	PAYMENT DATE	AMOUNT PER SECURITY CENTS	FRANKED AMOUNT PER SECURITY AT 30% TAX
Interim dividend*	30 June 2016	29 September 2016	16.00	60%
Final dividend	31 December 2015	24 March 2016	26.70	60%
Interim dividend	30 June 2015	30 September 2015	16.00	50%

*The record date for the interim dividend is 9 September 2016.

4. NTA backing

NET TANGIBLE ASSET BACKING PER ORDINARY SHARE	CURRENT PERIOD CENTS	31 DECEMBER 2015 CENTS	PREVIOUS CORRESPONDING PERIOD CENTS
Net tangible asset backing per ordinary share	(102.14)	(118.85)	(85.51)

NTA backing for the Group is negative reflecting the nature of a software company whereby the majority of the assets relate to intangible assets recognised and human capital responsible for creating and maintaining IRESS products that has not been recognised.

This Half Year Report should be read in conjunction with the Annual Report of IRESS Limited as at 31 December 2015 together with any public announcements made by IRESS Limited and its controlled entities during the half year ended 30 June 2016 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

Media Release

IRESS HALF YEAR RESULT TO 30 JUNE 2016

Highlights of the 2016 half year result include:

- ▲ **Group revenue was \$194.3 million, up 3% on 2H15⁽¹⁾ and 12% on 1H15**

- ▲ **On a constant currency basis⁽²⁾ group revenue increased 8% on 2H15 and 14% on 1H15**

- ▲ **Group Segment Profit was \$63.1 million, up 2% on 2H15 and 10% on 1H15**

- ▲ **On a constant currency basis group Segment Profit increased 6% on 2H15 and 11% on 1H15**

- ▲ **Group NPAT of \$32.7 million, up 22% on 2H15 and 15% on 1H15**

- ▲ **Strong demand for IRESS suite of products continues globally**

- ▲ **Positive contribution to earnings from Proquote and Pulse acquisitions**

- ▲ **Interim dividend of 16.0 cents per share, 60% franked (1H15: 16.0 cents per share, 50% franked)**

(1) A better understanding of the performance of IRESS is provided by comparing current results to both the most recent prior half (2H15) as well the prior corresponding period (1H15).

(2) Constant currency basis assumes 1H15 and 1H16 results are converted at the average foreign exchange rate used for 2H15. This allows comparison of group operating performance in Australian Dollars before the impact of changes in foreign currency rates. Refer page 4 for the full group result.

IRESS Limited (ASX.IRE) today announced a statutory net profit for the six months to 30 June 2016 of \$32.7 million, up 22% over the prior half (six months to 31 December 2015) and up 15% over the previous corresponding period (six months to 30 June 2015).

Operating revenue increased to \$194.3 million. On a constant currency basis, this is an increase of 8% on the prior half and 14% on the previous corresponding period. Segment Profit, a measure of IRESS' core underlying performance, was \$63.1 million. On a constant currency basis, this is an increase of 6% on the prior half and 11% over the previous corresponding period.

IRESS Chief Executive Officer, Andrew Walsh, said: "Our core businesses have performed well in the first half of 2016. We continue to experience strong levels of demand for IRESS solutions particularly in Australia, the United Kingdom and South Africa".

The integrations of recently acquired businesses in the United Kingdom, Proquote and Pulse, are progressing well and both businesses contributed positively to the first half result. The ability to offer integrated products to new and existing customers is presenting revenue opportunities in the United Kingdom.

The reported results of South Africa and the United Kingdom were negatively impacted by foreign exchange movements during the half.

IRESS remains focused on providing leading technology solutions to its clients and the delivery of long-term, sustainable revenue and Segment Profit growth. Based on current expectations around timing of client projects, strong revenue growth and solid profit growth (in constant currency) is anticipated in 2016.

DIVIDEND

In respect of first half earnings, Directors determined to pay an interim dividend of 16.0 cents per share franked to 60% at a 30% corporate tax rate.

BALANCE SHEET

IRESS' net debt balance at 30 June 2016 was \$157 million, reflecting a leverage ratio of 1.3 times annualised Segment Profit, and a conservative balance sheet position.

Segment results

Australia & New Zealand

Momentum in Australia and New Zealand continues with operating revenue and Segment Profit both increasing 2% over the prior half. Operating revenue and Segment Profit increased 6% and 7% respectively over the previous corresponding period.

The resilience of the financial markets business in Australia & New Zealand is pleasing. Revenue grew 1% and Segment Profit grew 3% over the prior half.

Compared to the prior half, wealth management revenue increased 5% while Segment Profit was up 1%. Compared to the previous corresponding period, wealth management revenue increased 12% and Segment Profit increased 14%. Half on half revenue growth was driven by broad client activity including significant projects, some of which are scheduled to launch in the second half of 2016. Based on current project pipeline and timing, IRESS expects continued strong results for wealth management in 2016.

United Kingdom

UK ex-Lending

In local currency, operating revenue and Segment Profit in the United Kingdom (excluding Lending) increased 21% and 12% respectively when compared to the prior half. Compared to the previous corresponding period, operating revenue and Segment Profit were up 44% and 73% respectively. This result was positively impacted by the contribution of Proquote and Pulse which were acquired in October 2015.

Revenue continues to reflect strong market demand for XPLAN in the United Kingdom. Revenue from the Exchange portal is highly recurring but exhibits a lower growth profile and has seen some provider consolidation in the half, offsetting Intermediary software growth.

MEDIA RELEASE

IRESS HALF YEAR RESULT TO 30 JUNE 2016

IRESS remains very focused on the significant projects underway in the United Kingdom. Project timing will continue to impact cost and revenue visible in half on half reporting. Based on current levels of client demand and expected project timing, a strong second half is expected in 2016.

The integration of Proquote and Pulse Software Systems is progressing well and both made a positive contribution to the performance in the half. Integrated product offerings continue to generate revenue opportunities with existing and new clients.

UK Enterprise Lending

In local currency, Enterprise Lending revenue growth was up 8% and Segment Profit was up 63% on the prior half. IRESS is confident in the strategy and long-term outlook for the Enterprise Lending business and the progress it is making with product and strategic relevance. As previously advised, uneven results in this business are anticipated and 2016 will bear a direct financial impact as IRESS transitions to recurring revenue with predictable margin.

South Africa

In local currency, strong operating revenue and Segment Profit growth continues with 9% and 11% growth respectively compared to the prior half. Compared to the prior corresponding period revenue and Segment Profit growth was 19% and 21% respectively.

South Africa remains a strong performer and contributor to the group with continuing demand across IRESS' product suite in financial markets and wealth management. Integrated solutions and strong local support remain key to relevance and a differentiated position locally.

Canada

In local currency, operating revenue was down 9% on the prior half and 8% on the previous corresponding period, which reflects trends in the broader financial markets in Canada, particularly in institutional equities trading.

Despite these challenges, IRESS maintains its confidence in the medium-to-long term prospects for this business as IRESS' investment in diversifying the revenue base into retail wealth continues.

Interest in IRESS' wealth offering in Canada is pleasing, with a number of client wins now confirmed. The foundation wealth project in Canada, MD Financial, continues to make good progress although project timing for 'go live' date has shifted back associated revenue.

Asia

Operating revenue in Asia was down 3% on the prior half, but up 13% on the previous corresponding period. Segment loss increased 5% and 2% compared to the prior half and previous corresponding period respectively. The implementation of foundation client Maybank Kim Eng remains a key focus, while sales activity continues to develop the pipeline of client opportunities.

Current trading

IRESS remains confident of strong revenue growth and solid profit growth in 2016 (in constant currency) underpinned by momentum in wealth management, resilient financial markets performance and the full year impact of acquisitions.

While period on period revenue growth remains subject to the timing of client implementations, IRESS is confident in its strategy and continues to make investment decisions accordingly.

IRESS' clients in the United Kingdom are largely domestically focussed and do not operate across European borders. However they are not immune from the indirect impacts of the United Kingdom's decision to exit the European Union on business confidence and the economy generally. While these events have and will continue to drive uncertainty for the United Kingdom economy and its inter-connected economies in Europe, IRESS' operational priorities, identified growth drivers, and strategic view of the United Kingdom remain unchanged. However, the immediate impact on exchange rates will negatively impact IRESS' reported results in Australian dollars.

For further information, please contact:

Andrew Walsh

Chief Executive Officer

Telephone: +61 2 8273 7000

John Harris

Chief Financial Officer

Telephone: +61 3 9018 5800

MEDIA RELEASE

IRESS HALF YEAR RESULT TO 30 JUNE 2016

IRESS half year result to 30 June 2016

Segment results are presented below in local currency as indicated. Amounts and percentage changes shown below are based on whole numbers which may give rise to rounding differences when presented in millions.

SEGMENT RESULTS

LOCAL CURRENCY AND AUD EQUIV.	OPERATING REVENUE			MOVEMENT 1H 16		SEGMENT PROFIT			MOVEMENT 1H 16	
	1H 16 M	2H 15 M	1H 15 M	v 2H 15 %	v 1H 15 %	1H 16 M	2H 15 M	1H 15 M	v 2H 15 %	v 1H 15 %
ANZ Financial Markets – AUD	54.7	54.4	54.2	1%	1%	23.7	23.1	23.4	3%	1%
ANZ Wealth Management – AUD	43.5	41.5	38.8	5%	12%	20.5	20.3	18.0	1%	14%
Total ANZ – AUD	98.2	95.9	93.0	2%	6%	44.3	43.4	41.4	2%	7%
UK ex-Lending – GBP	29.2	24.3	20.3	21%	44%	6.6	5.9	3.8	12%	73%
UK Enterprise Lending – GBP	8.1	7.5	8.6	8%	(5%)	1.5	0.9	2.7	63%	(43%)
Total UK – AUD⁽¹⁾	73.3	67.5	56.4	9%	30%	16.0	14.5	12.7	10%	25%
South Africa – ZAR	143.6	131.3	121.0	9%	19%	47.8	42.9	39.6	11%	21%
Canada – CAD	8.5	9.4	9.2	(9%)	(8%)	0.7	1.2	1.2	(46%)	(45%)
Asia – AUD	1.3	1.4	1.2	(3%)	13%	(2.1)	(2.0)	(2.1)	5%	2%
Total other offshore – AUD⁽¹⁾	22.8	24.8	23.8	(8%)	(4%)	2.8	3.7	3.4	(24%)	(16%)
Total Group – AUD	194.3	188.3	173.2	3%	12%	63.1	61.6	57.5	2%	10%
Constant currency – AUD ⁽²⁾	202.7	188.3	177.7	8%	14%	65.1	61.6	58.6	6%	11%

GROUP RESULTS

AUD	RESULTS			MOVEMENT 1H 16	
	1H 16 A\$M	2H 15 A\$M	1H 15 A\$M	v 2H 15 %	v 1H 15 %
Group Segment Profit	63.1	61.6	57.5	2%	10%
Share based payments	(5.2)	(4.8)	(5.0)	8%	3%
Segment Profit after Share based payments	57.9	56.8	52.5	2%	10%
Non-recurring items	(4.1)	(5.2)	0.8	(22%)	n.m
Profit before interest and income tax expense	53.8	51.6	53.3	4%	1%
Depreciation and amortisation	(10.4)	(13.8)	(12.5)	(25%)	(17%)
EBIT	43.4	37.7	40.8	15%	6%
Net interest and financing costs	(1.5)	(4.8)	(4.9)	(69%)	(69%)
Tax	(9.1)	(6.1)	(7.4)	49%	23%
Reported NPAT	32.7	26.9	28.5	22%	15%

(1) AUD equivalent of local currency amount presented.

(2) Constant currency basis assumes 1H15 and 1H16 results are converted at the average foreign exchange rate used for 2H15.

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-recurring items, and strategic amortisation charges.

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of IRESS Limited Group, comprising of the company and its controlled entities, for the half year ended 30 June 2016.

Directors

The Directors of IRESS Limited during the half year ended 30 June 2016 and up to the date of this report are set out below. All Directors held their position as a Director throughout the entire period up to the date of this report.

A D'Aloisio	Chairman since August 2014, Director since June 2012
A Walsh	Chief Executive Officer and Managing Director since October 2009
N Beattie	Director since February 2015
J Cameron	Director since March 2010
J Hayes	Director since June 2011
J Seabrook	Director since August 2008
G Tomlinson	Director since February 2015

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 enterprise lending systems and related tools. The principal clients comprise financial markets and wealth management participants in Australia, New Zealand, South East Asia, Canada, South Africa and the United Kingdom.

The activities of the Group are described below.

	FINANCIAL MARKETS	WEALTH MANAGEMENT	PRIVATE WEALTH MANAGEMENT	ENTERPRISE LENDING
Solutions	Global market data and trading software including order and execution management services, smart order routing, FIX services, portfolio management, securities lending, analytics tools and connectivity.	Integrated wealth management platform offering client management, business automation, portfolio management, research, financial planning tools, digital engagement portal, and scaled advice.	Integrated software solution offering market data, order management, portfolio management, CRM and wealth management platform.	Multi-channel mortgage sales and origination platform including automated workflow and processing. Suite also includes mortgage intermediary advice solution.
Clients	Sell-side and buy-side institutions, retail advisory and online brokers, platforms.	Institutional and independent advisory, wealth managers, mortgage intermediaries.	Discretionary retail fund managers, private client advisors, wealth managers.	Lenders, mortgage intermediaries.

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.

Review of operations and outlook

Please refer to the Media Release on pages 2 to 4 for details.

Dividends

On 17 August 2016, the Board declared an interim dividend to ordinary shareholders of 16.0 cents per share, franked at 60%.

DIRECTORS' REPORT

Events subsequent to the balance sheet date

Other than the declaration of the interim dividend noted above, there has been no other matter or circumstance which has arisen since the end of the financial period which 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 subsequent years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001 (Cth)*, is set out on page 7.

Rounding off

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 Half Year 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 (Cth)*.

On behalf of the Directors



Mr A Walsh

Chief Executive Officer and Managing Director

Melbourne
18 August 2016

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
PO Box 78
Melbourne VIC 3001 Australia

DX 10307SSE
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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

18 August 2016

Dear Board Members,

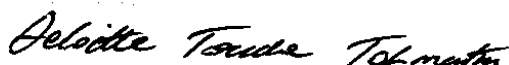
IRESS Limited

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 2016, 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



G J McLean
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Ltd

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2016

		HALF YEAR ENDED 30 JUNE	
	NOTES	2016 \$'000	2015 \$'000
Revenue		194,342	173,191
Customer data fees		(16,086)	(14,504)
Communication and other technology expenses		(11,397)	(7,518)
Employee benefit expenses		(98,697)	(87,720)
Other expenses		(14,332)	(10,145)
Profit before depreciation, amortisation, interest and income tax expense		53,830	53,304
Depreciation and amortisation expense		(10,442)	(12,461)
Profit before interest and income tax expense		43,388	40,843
Interest revenue		393	323
Financing costs		(1,895)	(5,230)
Net interest and financing costs		(1,502)	(4,907)
Profit before income tax expense	3	41,886	35,936
Income tax expense		(9,141)	(7,446)
Profit after income tax expense		32,745	28,490
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations ⁽¹⁾		(30,254)	17,528
Tax related to exchange differences recognised directly in foreign currency translation reserve ⁽²⁾		(1,288)	256
Total other comprehensive income for the period		(31,542)	17,784
Total comprehensive income for the period		1,203	46,274
		CENTS PER SHARE	CENTS PER SHARE
Earnings per share			
Basic earnings per share		20.69	18.12
Diluted earnings per share		20.39	17.88

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

- (1) The change was mainly driven by the devaluation of the British pound against the Australian dollar in June 2016.
- (2) Relates to the tax effect on exchange differences arising from intercompany monetary items that are treated as part of a net investment in a foreign operation. Under accounting standards, the foreign exchange gain or loss on these monetary items is recognised directly in other comprehensive income rather than the profit or loss.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	30 JUNE 2016 \$'000	31 DEC 2015 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	33,259	39,233
Trade and other receivables	39,239	37,358
Total current assets	72,498	76,591
Non-current assets		
Plant and equipment	9,358	9,998
Intangibles	468,934	529,552
Deferred tax assets	22,979	28,413
Total non-current assets	501,271	567,963
Total assets	573,769	644,554
LIABILITIES		
Current Liabilities		
Trade and other payables	40,465	41,541
Derivative liabilities	1,646	10,069
Provisions	11,799	8,713
Total current liabilities	53,910	60,323
Non-current liabilities		
Trade and other payables	6,934	8,000
Borrowings	189,023	200,488
Derivative liabilities	2,543	11,055
Provisions	4,728	7,580
Deferred tax liabilities	12,237	17,797
Total non-current liabilities	215,465	244,920
Total liabilities	269,375	305,243
Net assets	304,394	339,311
EQUITY		
Issued capital	275,983	275,983
Reserves	11,183	45,093
Retained earnings	17,228	18,235
Total equity	304,394	339,311

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2016

	ISSUED CAPITAL ⁽¹⁾ \$'000	RETAINED EARNINGS \$'000	SHARE BASED PAYMENTS RESERVE \$'000	FOREIGN CURRENCY TRANSLATION RESERVE \$'000	TOTAL EQUITY \$'000
2016					
Balance at 1 January 2016	275,983	18,235	21,155	23,938	339,311
Profit for the period	–	32,745	–	–	32,745
Other comprehensive loss	–	–	–	(31,542)	(31,542)
Total comprehensive income	–	32,745	–	(31,542)	1,203
Transactions with owners in their capacity as owners:					
Dividends declared	–	(42,664)	–	–	(42,664)
Share-based payment expense	–	–	6,544	–	6,544
Transfer share-based payments reserve ⁽²⁾	–	8,912	(8,912)	–	–
	–	(33,752)	(2,368)	–	(36,120)
Balance at 30 June 2016	275,983	17,228	18,787	(7,604)	304,394

	ISSUED CAPITAL \$'000	RETAINED EARNINGS \$'000	SHARE BASED PAYMENTS RESERVE \$'000	FOREIGN CURRENCY TRANSLATION RESERVE \$'000	TOTAL EQUITY \$'000
2015					
Balance at 1 January 2015	275,315	23,873	16,604	15,156	330,948
Profit for the period	–	28,490	–	–	28,490
Other comprehensive income	–	–	–	17,784	17,784
Total comprehensive income	–	28,490	–	17,784	46,274
Transactions with owners in their capacity as owners:					
Dividends declared	–	(40,570)	–	–	(40,570)
Share-based payment expense	–	–	5,038	–	5,038
	–	(40,570)	5,038	–	(35,532)
Balance at 30 June 2015	275,315	11,793	21,642	32,940	341,690

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

- (1) During the period, the total number of ordinary shares in issue increased by 1,018,672 to 161,092,447, arising from the vesting of share rights and performance rights relating to 2012 and 2013 plans, as well as the issue of 2016 deferred shares. This issue does not adjust the total dollar value of Issued Capital as it relates to equity-settled share based payments. The number of treasury shares outstanding as at 30 June 2016 is 2,035,876 (31 December 2015: 2,217,000). The movement is attributable to the issue of shares to employees under the employee share plans.
- (2) The movement from share-based payment reserves to retained earnings represents the fair value of share based payments that have vested in May 2016 or lapsed during the half year. This amount has been recognised as a share based payment expense over the vesting period which ranged from May 2012 to May 2016.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2016

	HALF YEAR ENDED 30 JUNE	
	2016 \$'000	2015 \$'000
Cash flows from operating activities		
Receipts from customers	193,116	190,093
Payments to suppliers	(45,210)	(48,737)
Payments to employees	(88,147)	(82,092)
Interest received	392	364
Interest paid	(2,967)	(4,520)
Income taxes paid	(10,650)	(9,996)
Net cash inflow from operating activities	46,534	45,112
Cash flows from investing activities		
Payments for plant and equipment	(2,438)	(5,355)
Net cash outflow from investing activities	(2,438)	(5,355)
Cash flows from financing activities		
Proceeds from borrowings	34,000	–
Repayments of borrowings	(38,313)	–
Dividends paid	(42,664)	(40,570)
Net cash outflow from financing activities	(46,977)	(40,570)
Net decrease in cash and cash equivalents	(2,881)	(813)
Cash and cash equivalents at the beginning of the half year	39,233	74,914
Effects of exchange rate changes on cash and cash equivalents	(3,093)	861
Cash and cash equivalents at end of the half year	33,259	74,962

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2016

1 Basis of preparation

IRESS Limited (the 'Company') is a for profit Company domiciled in Australia. The half year financial report is a general purpose financial report comprising the Company and its subsidiaries (collectively referred to as the 'Group' or 'IRESS') which has been prepared in accordance with the *Corporations Act 2001 (Cth)*, Australian Accounting Standards and Interpretations, and International Financial Reporting Standards (IFRS) including AASB 134 *Interim Financial Reporting*.

The half year financial report does not include all notes of the type normally included within the annual financial report. Accordingly, it should be read in conjunction with the annual financial report of IRESS for the year ended 31 December 2015 and any public announcements made by IRESS during the half year ended 30 June 2016 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001 (Cth)*.

The accounting policies used are consistent with those applied in the 2015 annual report.

In the current period, 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 2016. The adoption of these new and revised standards and Interpretations has not resulted in changes to the Group's policies.

The half year financial statements were authorised for issue by the Directors on 18 August 2016.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and investments in financial assets which have been measured at fair value. All amounts are presented in Australian dollars, unless otherwise stated.

The Group is of a kind referred to in ASIC Class Order 98/100 and in accordance with that Class Order, amounts in the consolidated financial statements and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Changes in presentation

The presentation of items in the financial statements is consistent with the 2015 annual report except for certain comparative information which has been reclassified with the aim of providing more relevant information to users of the financial report and in particular a better understanding of the effect of the derivatives and intergroup financing arrangements on the Group's net interest and financing costs.

In summary, the net effect of these reclassifications is summarised below.

	HALF YEAR ENDED 30 JUNE 2015		
	BEFORE RECLASS	RECLASS	AFTER RECLASS
	\$'000	\$'000	\$'000
Profit before depreciation, amortisation, interest and income tax	61,970	(8,666)	53,304
Net interest and financing costs	(13,573)	8,666	(4,907)
Profit before income tax	35,936	-	35,936

Profit before depreciation, amortisation, interest and income tax decreases by \$8,666 thousand, with Net interest and financing costs decreasing by \$8,666 thousand. Overall there is no impact on Profit before income tax for the half year ended 30 June 2015 or on the statement of financial position as at 31 December 2015.

The detailed impact on individual line items in the Consolidated statement of profit or loss and other comprehensive income is disclosed in Note 4.

2 Segment information

The operating segments are reported in a manner which is consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM has been identified as the Managing Director and Chief Executive Officer.

The Group's operations are managed by region. 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 UK ex-Lending, and Enterprise Lending. Any transactions directly between segments are charged on an arm's length basis.

The Group's operating segments have been updated from those presented at 31 December 2015 to reflect the increasing convergence of our financial markets and wealth management businesses in the UK. 2015 comparatives have been re-presented to provide better comparability.

The Group's segments are outlined below.

ANZ Financial Markets

Provides information, trading, compliance, order management, portfolio systems and related tools to cash equity participants in Australia and New Zealand.

ANZ Wealth Management

Provides financial planning systems and related tools to wealth management professionals located in Australia and New Zealand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2016

Canada

Provides information, trading, compliance, order management, portfolio systems and related tools to cash equity participants in Canada.

South Africa

Provides information, trading, compliance, order management, portfolio systems and related tools to cash equity participants and provides financial planning systems and related tools to wealth management professionals located in South Africa.

Asia

Provides information, trading, compliance, order management, portfolio systems and related tools to cash equity participants and provides financial planning systems and related tools to wealth management professionals located in Asia.

UK ex-Lending

Incorporates financial markets which provides information, trading, compliance, order management, portfolio systems and related tools to cash equity participants; as well as wealth management which provides financial planning systems and related tools to wealth management professionals located in the United Kingdom.

UK Enterprise Lending

The Enterprise Lending segment operates in the United Kingdom to provide enterprise mortgage origination software and associated consulting services.

Comparative periods

The CODM measures the performance of the segments based on comparison to the previous half (in this case 2H15) rather than the previous corresponding half (1H15) as required by accounting standards. As such, both the previous half (1H15) and the previous corresponding period (2H15) segment results have been presented.

SEGMENT RESULTS

	OPERATING REVENUE			SEGMENT PROFIT		
	1H 16 \$'000	2H 15 \$'000	1H 15 \$'000	1H 16 \$'000	2H 15 \$'000	1H 15 \$'000
ANZ Financial Markets	54,693	54,400	54,193	23,747	23,140	23,424
ANZ Wealth Management	43,489	41,533	38,789	20,532	20,282	17,978
Total ANZ	98,182	95,933	92,982	44,279	43,422	41,402
UK ex-Lending	57,404	51,495	39,649	12,990	12,466	7,433
UK Enterprise Lending	15,923	15,996	16,772	2,972	2,018	5,305
Total UK	73,327	67,491	56,421	15,962	14,484	12,738
Canada	8,710	9,917	9,565	694	1,338	1,260
South Africa	12,798	13,567	13,047	4,250	4,381	4,199
Asia	1,325	1,365	1,176	(2,097)	(1,993)	(2,056)
Total Group	194,342	188,273	173,191	63,088	61,632	57,543

GROUP RESULTS

	RESULTS		
	1H 16 \$'000	2H 15 \$'000	1H 15 \$'000
Group Segment Profit	63,088	61,632	57,543
Share based payments (SBP)	(5,186)	(4,829)	(5,038)
Segment Profit after SBP	57,902	56,803	52,505
Non-recurring items ⁽¹⁾	(4,072)	(5,229)	799
Profit before interest and tax, depreciation and amortisation	53,830	51,574	53,304
Depreciation and amortisation	(10,442)	(13,806)	(12,461)
Profit before interest and tax	43,388	37,768	40,843
Net interest and financing costs	(1,502)	(4,798)	(4,907)
Tax expense	(9,141)	(6,075)	(7,446)
Net profit after tax	32,745	26,895	28,490

(1) Non-recurring items predominately comprises business acquisition expenses and unrealised foreign exchange gains and losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2016

3 Profit before income tax includes the following:

	HALF YEAR ENDED 30 JUNE	
	2016 \$'000	2015 \$'000
Translation (losses)/gains on foreign currency trading accounts included in Other expenses	(2,910)	976
Financing costs comprising:		
Translation (losses)/gains on intragroup financing arrangements	(15,515)	8,666
Fair value changes on derivatives	16,935	(9,694)
Interest expense (net)	(3,315)	(4,202)
	(1,895)	(5,230)

4 Change in presentation

As discussed in Note 1, the presentation of items in the financial statements for certain comparative information which has been reclassified with the aim of providing more relevant information to users of the financial report and in particular a better understanding of the effect of the derivatives and intergroup financing arrangements on the Group's net interest and financing costs.

The change in presentation has no impact on the net profit or net position of the Group.

The reclassifications have affected the following line items in the statement of profit or loss and other comprehensive income for the half year ended 30 June 2015:

	HALF YEAR ENDED 30 JUNE 2015 \$'000			
	BEFORE RECLASS	FINANCE ARRANGE- MENTS RECLASS	OTHER RECLASS	AFTER RECLASS
Other income ⁽¹⁾	212	–	(212)	–
Other expenses ^{(1), (2), (3)}	(11,333)	–	1,188	(10,145)
Foreign exchange gains ⁽²⁾	9,642	(8,666)	(976)	–
Profit before depreciation, amortisation, interest and income tax expense	61,970	(8,666)	–	53,304
Interest revenue ⁽⁴⁾	3,388	(3,065)	–	323
Interest expense ⁽⁴⁾	(7,267)	7,267	–	–
Financing costs ⁽⁴⁾	(9,694)	4,464	–	(5,230)
Net interest and financing costs	(13,573)	8,666	–	(4,907)
Profit before income tax	35,936	–	–	35,936

(1) Other income which related to sundry rebates received has been reclassified to Other expenses.

(2) Foreign exchange gains, relating to the Group's financing arrangements denominated in foreign currency of \$8,666 thousand, have been reclassified to Financing costs. The remaining foreign exchange gains of \$976 thousand relating to other monetary items in foreign currency (mainly cash) has been reclassified to Other expenses. This amount is separately disclosed in Note 3. The Foreign exchange gains line has now been removed from the face of the consolidated statement of comprehensive income.

(3) Of the \$1,188 thousand change in Other expenses, \$212 thousand is Other income reclassified, \$976 thousand is other foreign exchange gains from trading accounts reclassified from Foreign exchange gains.

(4) The line items Interest expense and Financing expenses have been combined and renamed as Financing costs. This now comprises the net impact of the reclassification of foreign exchange gains on the intergroup financing arrangements denominated in foreign currency (\$8,666 thousand); interest revenue on swaps (\$3,065 thousand); interest expense (\$7,267 thousand) and Financing expenses – which represent the fair value loss on the cross currency swap (\$9,694 thousand). Refer to Note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2016

5 Dividends

	HALF YEAR ENDED 30 JUNE	
	2016 \$'000	2015 \$'000
Dividends recognised and paid during the half year		
Final dividend for 2015 26.7 cents per share franked to 60% (2015: 25.5 cents per share franked to 40%)	42,664	40,570
Dividends declared after balance date		
Interim dividend for 2016 16.0 cents per share franked to 60% (2015: 16.0 cents per share franked to 50%)	25,775	25,605

6 Subsequent events

Other than the declaration of the interim dividend in Note 5, there has been no other matter or circumstances which has arisen since the end of the financial period which 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 subsequent years.

DIRECTORS' DECLARATION

The Directors declare that in the Directors' opinion:

- (a) 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) the attached half year financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including
 - i) giving a true and fair view of the financial position as at 30 June 2016 and the performance of the group for the half year ended on that date.
 - ii) compliance with Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporation Regulations 2001*.

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



A Walsh

Chief Executive Officer and Managing Director

Melbourne
18 August 2016

INDEPENDENT AUDITOR'S REVIEW REPORT



Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX 10307SSE
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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 consolidated statement of financial position as at 30 June 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 8 to 16.

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 2016 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.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Ltd

INDEPENDENT AUDITOR'S REVIEW REPORT

CONTINUED

Deloitte.

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 2016 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



G J McLean
Partner
Chartered Accountants
Melbourne, 18 August 2016

Half Year Profit Announcement

