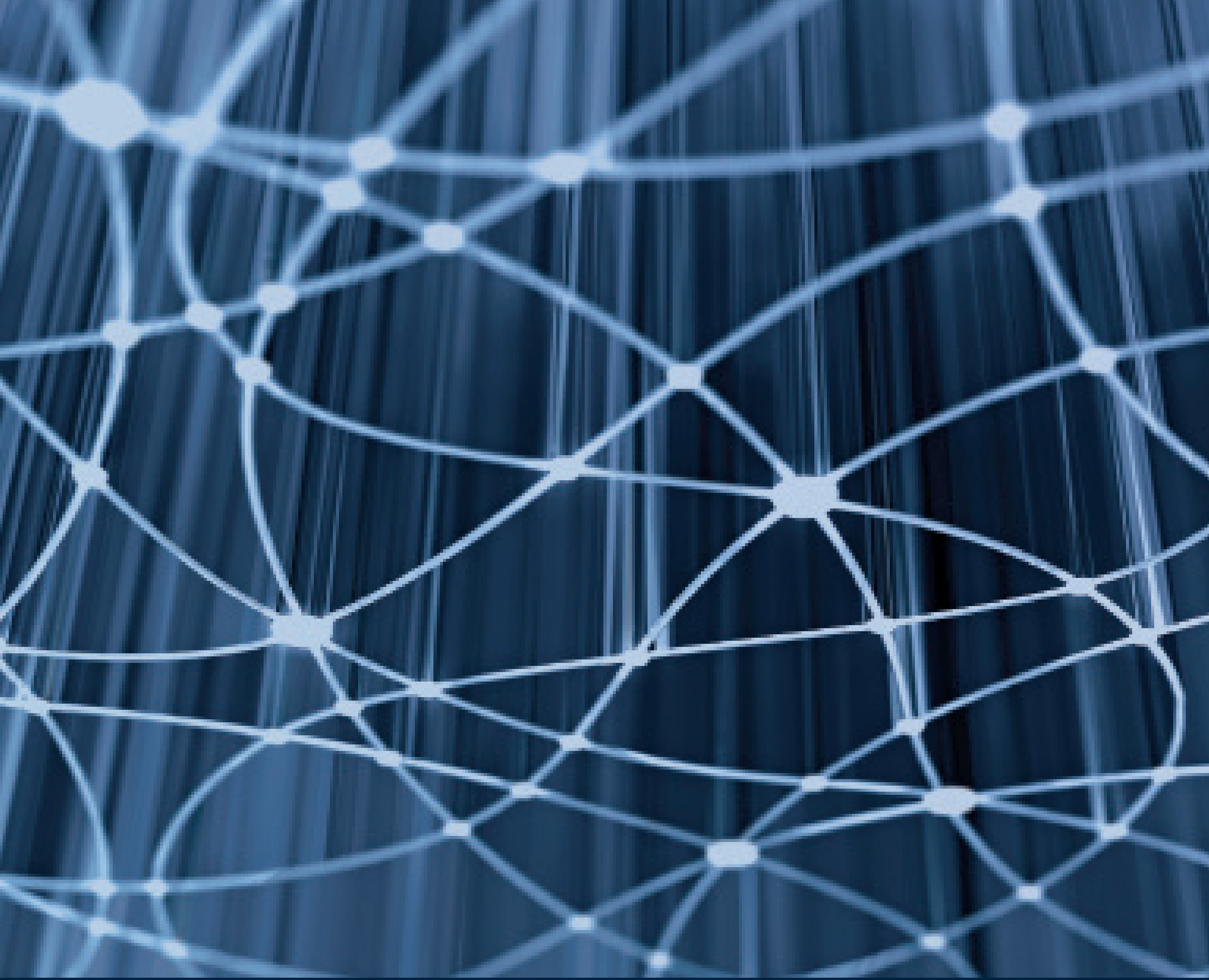


IRESS
2013 ANNUAL REPORT

IRESS Limited

ABN 47 060 313 359

Financial report for the year ended 31 December 2013

IRESS Limited ABN 47 060 313 359
Financial report - 31 December 2013

Contents

Directors	P Dunai *Chairman*
	A Walsh *Chief Executive Officer and Managing Director*
	J Seabrook
	J Cameron
	J Hayes
	A D'Aloisio
Company Secretary	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.

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. The transaction has positioned IRESS as the technology partner of choice in the UK wealth management and mortgage sourcing segments and gives us material scale as well as physical and brand presence from which to prosecute other organic or strategic opportunities in the region.

Financial Results
For the twelve months to 31 December 2013, Underlying Group profit was AU$53.2m (2012: AU$54.4m) and Reported Group profit was AU$24.24m (2012: AU$39.2m), including AU$17.5m non-recurring costs related to the Avelo transaction and AU$2.3m for other non-recurring costs (not related to the transaction).

Net Operating Revenue and Segment Profit for the group increased by 21.2% and 5.8% respectively. Before allowing for the contribution made by Avelo in 2013, Operating Revenue grew by 4.2% and Segment Profit declined slightly by 0.6%.

The resilience of these results was supported by the delivery of leading products and the contribution of IRESS' committed employees.

Regulatory change has continued to be a major theme in 2013 influencing the priorities of all participants in the financial markets and wealth management industry. This theme coupled with the slow recovery of business conditions for equity markets participants has seen a continued focus on cost management and has resulted in some reductions in subscription revenue, albeit at a reduced rate compared with recent years. These have been offset by stronger than expected growth in the wealth management division, a highlight in the group’s financial performance.

Cost allocation
Recognising an increase in shared resources across regions and divisions and in conjunction with enlarged operations through the Avelo acquisition, segment cost allocations were reviewed and adjustments made in the second half of 2013. The substance of these has been a reallocation of some infrastructure, data and staff costs. The annualised impact of these allocations will impact segment comparability in 2013 and 2014.

FINANCIAL SUMMARY

12 MONTHS TO 31 DECEMBER 2013

	Consolidated	
	2013	2012
	$'000	$'000
Total revenues	**251,132**	207,341
Profit before income tax expense	**36,465**	56,842
Profit attributable to the members of the parent entity	**24,241**	39,228
Basic earnings per share (cents)	**17.278**	30.646
Dividend per share (cents)	**38.0**	38.0

AUSTRALIA AND NEW ZEALAND

Financial Markets
Business conditions in 2013 remained difficult for participants during 2013, particularly for retail brokers. Although operating revenue in 2013 was marginally lower overall, there was increased demand for order management, portfolio management, online and mobile trading solutions, offsetting the impact of cost management by participants. There was also a slight increase in the run rate for recurring revenue during the year.

Operating revenue was down 1.6% on the prior year and Segment Profit declined by 4.9%. The Segment Profit result was impacted by a one-off rental lease accrual as well as indirect expenses related to the Avelo acquisition which were not allocated to the group.

The result from this division again demonstrated its resilience in the face of subdued conditions.

Wealth Management
Wealth Management has again performed strongly in 2013. The Future of Financial Advice (FoFA) regulatory compliance deadline of 1 July created significant activity for the division, though this was by no means the only driver of growth. Activity was generally robust across the client base, with clients leveraging strategic opportunities made possible through the XPLAN platform and associated services. Several institutional rollouts of XPLAN have now been completed with others continuing.

Operating Revenue and Segment Profit growth for the year was 16.9% and 18.4% respectively, including the impact of cost re-allocation that occurred in the second half.

CANADA

Economic conditions in Canada and in particular in equity markets continued to affect our clients' businesses and resulted in further headcount and general cost reductions, with some consolidation and closure, particularly for independent and smaller dealers. Net revenue reduction continued over the course of the year.

Despite these challenging conditions we experienced positive strategic engagements at larger clients.

Business development in IRESS' private wealth management solution is encouraging, although the financial impact will be insufficient in the short-medium term to offset broader business conditions.

Operating Revenue for the year declined by 10.2% (CAD) or 6.5% (AUD). Segment Profit declined by 17.7% (CAD) or 14.1% (AUD), including the impact of cost re-allocation that occurred in the second half.

While our own cost management has remained a focus, our appetite to invest in growth opportunities remains.

SOUTH AFRICA

Growth in South Africa has continued to be strong in local currency for the year, the combined impact of subscription revenue underpinned by strong local support, product diversity and a broadening product range in response to market opportunities, and strong transactional revenue contribution.

IRESS' Professional market data desktop was successfully launched in 2013, presenting a competitively differentiated solution and exposing new growth opportunities in the region. The South African business continues to be a key regional enabler as we increasingly respond to regional opportunities with clients in capital markets and wealth management.

Operating Revenue growth for the year was 11.2% (ZAR) with a Segment Profit increase of 7.9% (ZAR), after allowing for the impact of Australian-denominated cost re-allocations in the second half. Without the effect of these cost changes, Segment Profit for the year increased by 9.4% (ZAR). The appreciation of the Australian dollar against the Rand over the year has impacted the contribution to the group results such that in Australian dollars, Operating Revenue grew by 1.5% and Segment Profit reduced by 2.5%.

UNITED KINGDOM

Wealth Management
The Avelo acquisition was completed on 9 September 2013. The transaction, which represents the most significant change in IRESS' history, immediately enhances our strategic position in the UK and the region giving us brand presence, scale and capability. Although clearly the impact is greatest in the wealth management position, the additional presence also benefits our business as a whole.

In financial terms, the contribution of the enlarged UK Segment to group financial results for 2013 was modest: revenue contribution was £20.3m, which resulted in a £3.0m Segment Profit. Operating Revenue for the IRESS pre-existing wealth management operation grew from basic levels in 2012 to £1.0m in 2013, and continued modestly to build capability anticipating the completion of Avelo in September, resulting in a Segment Loss of £1.9m in 2013.

IRESS' existing wealth management business has been fully integrated with the broader UK business operationally. As for external market opportunities, the combined UK wealth management business is well positioned to harness its unique product breadth and delivery capacity. Consistent with this, during the final calendar quarter we saw a healthy pipeline of external opportunities stimulated by regulatory change and the need for integration, efficiency, and effective oversight, in addition to new opportunities presented in our existing client base.

In addition to what has been IRESS' traditional wealth management segment, the Avelo acquisition has added mortgage origination to our product capability. Opportunities presented in the enterprise mortgage origination segment continue to be supported by differentiated product, regulatory stimulus and efficiency demands. We are cautioned by the volatility in the UK banking environment at this time. The business utilises a mix of resourcing arrangements that provides flexible matching of capacity to client demand but expected contribution between halves will be noisy.

Financial Markets
Financial Markets revenue increased to £0.3m in 2013 with key new implementations. Our focus in the UK 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.

ASIA

Strategic progress in Asia is visible with near doubling of revenue in 2013 as we continue to demonstrate and deliver integrated and differentiated solutions to participants in the South-East Asian region. The cost re-allocation exercise in the second half of 2013 has kept the Segment Profit result constant in 2013 despite this result.

We have made good progress into integrated core trading and market data solutions for the sell-side with a seed client taking the IRESS suite live in the first quarter. We continue to see demand for regional connectivity and interaction together with international market demand from Australia making our investment in Asia increasingly important. The Asian cost base continues to be managed within our net loss limit of $4.0m per annum.

OUTLOOK

The early months of 2014 have seen positive sentiment from clients seeking strategic and discretionary engagement, extending beyond the mandatory regulatory change that has dominated recent periods. In this light, in 2014 we cautiously anticipate improved conditions in financial markets but expect a subdued financial impact on the group that will lag the emerging opportunities, and a positive yet moderated Australian wealth management result. While this is expected to produce a modest decline in aggregate for the pre-acquisition group, our businesses continue to demonstrate resilience in light of the broad conditions.

Our wealth management business in the UK provides a similar level of visibility and resilience as our other recurring businesses and will make a substantial contribution to 2014. Our enterprise business is a source of high growth potential but is more difficult to predict due to heavy dependence on client driven time tables and long lead times. We are also cautioned by the volatility in the UK banking environment at this time.

When combined with a twelve month contribution from Avelo, assuming foreign exchange at constant levels, we expect Segment Profit in 2014 to exceed 2013 by more than 20%.

For 2014 we anticipate investing similar amounts in our growth investments divisions (Asia and Financial Markets United Kingdom). Our confidence in the medium to long-term merit of this expenditure remains, despite near term group financial impact. We consider this approach to be the best balance of risk and reward for creating shareholder value over the medium term.

ACKNOWLEDGEMENTS

2013 was a step-change year for IRESS. With the Avelo transaction our staff complement went from over 700 to over 1200, we secured scale and product capability in a major market with excellent upselling opportunities for our core wealth product XPLAN. We also added new product and service capability in the UK wealth and mortgage portal offerings.

With planning which started already in July, Avelo was materially integrated operationally by the end of 2013 and we are starting to see the emergence of a combined culture, taking the best from both parts of the new organisation.

Although the transaction and subsequent integration required a significant effort from those directly involved, the remainder of the organisation continued to ensure strategic and operational focus on the existing business.

These are significant achievements of which the Company is entitled to be proud and for which the Board and management are grateful.

We would also like to thank our clients for their continued support and loyalty, and assure them of our commitment to meeting and exceeding their needs in the future.

P Dunai
Chairman
MELBOURNE

A Walsh
Chief Executive Officer and Managing Director
MELBOURNE

15 March 2014

Directors' report

The Directors of IRESS Limited submit herewith the annual financial report for the financial year ended 31 December 2013. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows.

BOARD OF DIRECTORS

NAME	PARTICULARS
P Dunai	Chairman since May 2010, member of the Nomination and Remuneration Committee. 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.
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. He joined the Board in October 2009.
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. She joined the Board in August 2008 and is also a special advisor to Gresham Partners Limited, a non-executive director of Iluka Resources Limited, and Export Finance and Insurance Corporation. She 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.
J Cameron	Non-executive director and member of the Nomination and Remuneration Committee since 5 May 2011. He joined the Board in 2010. He 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. He 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. His company was acquired in 2006 by ORC Software, where John served as CTO for three years. He was also a Director of the international standards body FIX Protocol Limited from 2010 to 2013.

BOARD OF DIRECTORS (CONTINUED)

J Hayes	Non-Executive Director, Chairman of the Audit Committee. 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. A Fellow of CPA Australia with over 40 years' experience in Financial Services. Senior roles included CFO of both ASX Limited and Advance Bank Australia Limited and Vice President Financial Services with BT Australia Ltd. Non-Executive Director roles with ASX Perpetual Registry Ltd (now Link Market Services) and Orient Capital Ltd. Executive Director roles with the Australian Clearing House Ltd, ASTC Ltd (CHESS) and ASX Operations Pty Ltd.
A D'Aloisio	Non-Executive Director and member of the Audit Committee. 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.He 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 and Board member in local and international bodies. These have included Director of 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
P Ferguson	Group General Counsel and Company Secretary, joined the Company in June 2011.

NON-EXECUTIVE DIRECTOR SKILLS SUMMARY AND TENURE DETAILS

NAME	BACKGROUND	APPOINTED	ELECTED/RE-ELECTED	RE-ELECTION IN 2014
P Dunai	Technical, industry, CEO experience.	31-May-1993	05-May-2010, 02-May-2013	No
J Seabrook	Investment banking, capital markets, banking, accounting, broad NED experience.	20-August-2008	07-May-2009, 05-May-2011	Yes
J Cameron	Technical, industry, CEO experience.	15-March-2010	05-May-2010, 02-May-2013	No
J Hayes	CFO, financial markets industry experience.	10-June-2011	03-May-2012	No
A D'Aloisio	Legal, industry, CEO, government, regulatory and governance experience.	01-June-2012	02-May-2013	No

PRINCIPAL ACTIVITIES

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

During the year the Group acquired Avelo FS Holdings Limited and its subsidiaries ("Avelo"). This materially expanded the significance of the Group's activities in the United Kingdom. The Avelo business provides wealth management software and related tools, and enterprise software solutions for the origination and distribution of mortgages by banks and building societies. The principal clients comprise wealth management distributors, product manufacturers and retail lenders in the United Kingdom.

The activities of the Group have previously been described within two main segments being Financial Markets and Wealth Management, although there are numerous areas of cross-over and many clients who subscribe to the services of both segments. Following the Avelo acquisition, a new activity area arises, Enterprise Solutions which also includes cross-over clients from the Group's Financial Market and Wealth Management services.

FINANCIAL MARKET SOLUTIONS

The Financial Markets business provides a leading range of multi-market products and services including global market data, sell-side and buy-side order and execution management, smart order routing, portfolio management, direct exchange connectivity and FIX order routing. These solutions are delivered via desktop, web and mobile devices. The solutions are modular, allowing clients to tailor functionality for different user roles, business units and departments, while maintaining a single integrated platform across their organisation.

Specific solutions are offered to retail advisers and their clients, through to institutional traders and specialist market makers.

PRINCIPAL ACTIVITIES (CONTINUED)

Equity information systems deliver comprehensive market data and market analysis tools, catering to the diverse needs of equity and derivative traders. Each solution in our range is tailored in its delivery, interface and content to meet specific client requirements.

WEALTH MANAGEMENT SOLUTIONS

The Wealth Management business is primarily based around the XPLAN suite of products and services. The XPLAN solution is a web-based system and includes features spanning client data management, practice management, document management, compliance, portfolio management and research, cash flow modelling, risk insurance research, mortgage sourcing and integrated revenue management.

XPLAN is a scalable wealth management and advice platform that is configured to support any individual business through to institutional multi-channel wealth managers.

The service is delivered as a managed solution, which includes infrastructure, integration, data transformation and migration and, importantly, on-going client support.

In the United Kingdom, the Wealth Management activities of Avelo comprise a range of products that collectively overlap with XPLAN and IRESS' activities. The Wealth Management segment in the United Kingdom provides software solutions to intermediaries and retail distributors to address client and practice management, document management, policy and investment valuations, compliance support, revenue (fees and commissions) management and point of sale sourcing systems for mortgages and connects financial product manufacturers to intermediaries by providing online quote comparison and transactions enabling the qualification and execution of life insurance, pensions, annuities, investments, mortgages and general insurance.

ENTERPRISE SOLUTIONS

The Enterprise Solutions 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. Enterprise licence fees are the most difficult to predict due to heavy dependence on client driven timetables and long lead times.

Recognising the volatility in demand for customisation and configuration services, the business draws on full-time employed staff, United Kingdom based contractors and an offshore contractor arrangement. This arrangement allows flexible matching of capacity to client demand.

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.

OPERATING AND FINANCIAL REVIEW

OPERATIONS

IRESS' recurring subscription model continues to drive results and outlook, albeit outlook is less predictable with the introduction of the Enterprise Solutions business acquired as part of the Avelo transaction in September 2013.

Economic Conditions:

- 2013 continued to be challenging in financial services with a widespread focus on cost reductions throughout financial markets given the business climate for participants.
- Regulatory change and associated opportunities were drivers for growth in our wealth management business.
- Action by our clients to control costs has been steady over the last twelve months and provides an up to date indication of the response by our clients to conditions.
- There remains strong demand in specific segments, products and geographies, however group results have remained flat as new technology initiatives have been offset by client cost reductions, downsizing and consolidation.
- Equity market conditions, particularly in Australia, were somewhat reinvigorated in the second half of the year continuing into early 2014, but are yet to be reflected in business conditions for our clients. Where occurring, flow through to business conditions for our clients will have a lagged effect on financial results for the Group

SHAREHOLDERS RETURNS

An analysis of shareholder returns over the five years to December 2013 is set out on page 30 of the Directors' Report.

DIVIDENDS

The IRESS dividend policy is to maintain a payout ratio of not less than 80% of underlying group earnings 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.

In respect of the financial year ended 31 December 2013, an interim dividend of 13.5 cents per share franked to 90.0% at 30.0% corporate tax rate was paid to holders of fully paid ordinary shares on 27 September 2013.

In respect of the financial year ended 31 December 2013, the Directors determined to pay a final dividend of 24.5 cents per share franked to 80.0% at 30.0% corporate tax rate to be paid to the holders of fully paid ordinary shares on 31 March 2014. The record date to participate in the final dividend was 14 March 2014.

In respect of the financial year ended 31 December 2012, an interim dividend of 13.5 cents per share franked to 90.0% at 30.0% corporate tax rate was paid to holders of fully paid ordinary shares on 28 September 2012, and a final dividend of 24.5 cents per share franked to 90.0% at 30.0% corporate tax rate was paid to holders of fully paid ordinary shares on 28 March 2013.

INVESTMENTS FOR FUTURE PERFORMANCE

In looking at the Group's performance during 2013, the following are important themes:

BUSINESS

Key highlights for 2013 were:

- The successful acquisition of Avelo FS Holdings Limited and its subsidiaries in the United Kingdom.
- Resilience in our more mature business operations. Australia and New Zealand Wealth Management performed very strongly as clients continued to invest in technology in response to and in anticipation of regulatory change.
- Organic investment in Asia and the United Kingdom Financial Markets built around key seed clients continues to mature. The Company is confident and committed to opportunities seeding medium term growth.
- Continued focus on expansion of product offerings in response to market opportunities, regulatory change and technology.
- Balance sheet and financial stability continue to provide investment capacity.
- Movements in currency rates continue to impact the underlying performance of the Group.
- Step change in IRESS' significance as a global provider of wealth management technology through the acquisition of Avelo:
  - The product differentiation of XPLAN combined with learnings from our organic wealth management investment in the United Kingdom provides the neccessary base from which to leverage acquired scale in the United Kingdom.
  - The acquisition provides a material addition to skilled employees with deep domain knowledge based in a time zone and location that complements existing resources to accommodate additional growth opportunities.

The Group continued its strategy of local tailoring of solutions to all segments of our client base and adding value, avoiding commodity product status where possible. 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. Continuing to act as a responsive vendor, and meeting client requirements as their businesses evolve, is key.

THE ACQUISITION OF AVELO

The acquisition of Avelo effective from 1 September 2013 successfully achieved IRESS' objective of technology scale in the United Kingdom. The acquisition provides a unique opportunity for scale and growth in revenue and relationship footprint in the United Kingdom, building significantly on IRESS' organic strength to date.

The IRESS product suite has proven highly competitive in the United Kingdom. The combination of product strength and industry scale from Avelo offers the group attractive revenue growth opportunities in the medium term. Regulatory change and trends in the United Kingdom continue to be a key driver of technology demand which supports the relevance of acquired scale.

The acquisition also introduces mortgage sourcing and distribution technology strength to IRESS. This is a new capability for the Group.

INVESTMENTS FOR FUTURE PERFORMANCE (CONTINUED)

COSTS INCURRED IN THE ACQUISITION OF AVELO

The acquisition of Avelo necessitated incurring significant costs to complete the transaction. The total costs incurred were $30.509m and fell broadly into the following groupings:

NATURE OF COST	$ ('000)
Advisor fees directly associated with the acquisition	16,141
Additional fees associated with the acquisition	1,907
Additional Underwriting	590
Direct Debt raising costs	3,416
Total transaction costs incurred	22,054
Cost of cashflow hedge on purchase price	2,661
Total transaction costs incurred after cashflow hedge	24,715
Implementation and integration costs (spent)	1,641
Implementation and integration costs (commenced, primarily to occur in 2014)	3,844
Total Implementation and integration costs	5,485
Post acquisition - Regulatory	309
Costs including post acquisition and regulatory costs	30,509

Table 1

These costs of $30.509m have been allocated based on the nature of the item and will present in the Group's result as follows:

ITEM	$ ('000)	High level impact on financial statements
Acquisition and integration costs incurred in the current period	9,846	Expensed in full in the current period (Note 5)
Costs provided for associated with integration activities committed to occur in 2014	3,844	A combination of expensed in current period and provided for in the current period with provision declining as actual costs incurred (Note 5)
Cost of cashflow hedge on purchase price	2,661	Interest expense (Note 2)
Cost of debt	6,535	Amortised over term of facilities (Note 30)
Cost of equity raising	7,623	Recognised as a reduction in total Contributed Equity (Note 20)
	30,509	

Table 2

Following the acquisition material effort was made to identify, scope and implement key tasks and activities associated with integration across 2013 and 2014. Reflecting this process, suitable accruals and provisions have been recognised in the 2013 results where appropriate.

There were also some additional costs to the Group arising from initiating changes necessary to adapt the existing business activities and staffing to reflect the group position post-Avelo.

INVESTMENTS FOR FUTURE PERFORMANCE (CONTINUED)

THE FUNDING OF THE AVELO ACQUISITION

The key funding components in the acquisition of Avelo were:

- Strong and broad participation from shareholders in the 2:9 Renounceable Rights issue completed in August 2013 ("AREO").
- Debt raised to provide both an initial bridge for the transaction to proceed ahead of the equity raising which then migrated to an acceptable medium term debt profile.
- Cross currency swap arrangement entered into, which aligns with the underlying medium term debt profile and provides a hedge element.

The Company completed two components of equity raising through an underwritten pro-rata AREO in 2013 resulting in a total of 28,806,283 additional shares being issued and $205.965m of additional capital. 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.

Concurrent with the acquisition, the Company entered into an Australian Dollar based syndicated facility agreement. The agreement provided the Company with the funding certainty required to execute the acquisition. In total a facility of $370.0m was put in place, with $190.0m repaid and cancelled upon completion of the AREO.

At 31 December 2013, the remaining $180.0m of facilities were fully drawn, with $90.0m tied to a 3 year facility and $90.0m tied to a 5 year facility.

In establishing entities for the acquisition an additional Australian bilateral debt facility of $0.495m was established. This facility is also fully drawn down.

Both the syndicated and bilateral facilities are secured over assets of the Group and contain covenants. (Note 18).

At year end, IRESS held cash reserves of $71.405m (2012: $55.967m).

Concurrent with the Avelo acquisition, a deal contingent cross currency swap arrangement was entered into which allowed the Group to fix an exchange rate at which the Group would be entitled to receive GBP 213.153m for a fixed AUD amount. The arrangement was used to remove foreign exchange exposure during the period between announcement of the transacton and necessary approval from the Financial Services Authority (FSA) in the United Kingdom, and consisted of two elements, a short term deal contingent portion and two medium-term cross currency interest rate swaps. The medium-term cross currency interest rate swaps are for GBP 33.000m each, with terms of three years and five years respectively. Following FSA approval, the medium-term swaps became operative. Under the swap arrangement the Group has effectively converted GBP 66.000m (AUD 122.563m at year end rates) of its borrowings from being based against BBSW to be based against LIBOR. This arrangement provides an element of offset for translation movements arising on the Group's net assets in the United Kingdom. It also allowed the Group access to favourable interest rates available in the United Kingdom. Additional arrangements were put in place to mitigate the reported P&L exposure to the consolidated results arising from the swap. The impact of these combined arrangements are that the consolidated statement of comprehensive income should have approximately offsetting expenses and gains, with one element appearing in Profit before depreciation, amortisation, interest and income tax expense; and the other appearing as part of financing expense.

INVESTMENTS FOR FUTURE PERFORMANCE (CONTINUED)

INTERNAL COST ALLOCATIONS

In order to reflect the increasingly global nature of IRESS' operations together with the increased use of global teams, where a cost is incurred in one region and the benefit accrues to other business units, a cost allocation exercise was completed in the second half of 2013. It is expected that this revised methodology will provide an appropriate basis for allocating these costs as the Group's operations expand. It does however impact to some extent on prior period comparability.

There were two areas of note impacted, firstly allocation of costs associated with the fixed cost component of provisioning market data for the Group. Recognising that many of the incremental costs incurred related to requirements for clients outside of Australian and New Zealand Financial Markets, the cost allocation exercise sought to allocate costs based on weighting to the level of end user demand for the service.

The second principal area impacted was allocation of staff costs where the employees provide a shared service to the remainder of the Group.

The cost allocation exercise impacts on inter-period comparability of results for each business segment. The primary impacts in 2013 were $1.848m favourable impact to the Australian and New Zealand Financial Market division, with unfavourable impacts of $0.910m and $0.636m for the Australian and New Zealand Wealth Management and South African divisions respectively.

REVIEW OF GROUP RESULTS

In 2013, net Operating Revenue and Segment Profit for the group increased by 21.2% and 5.8% respectively in Australian dollars. Before allowing for the contribution made by Avelo, Operating Revenue grew by 4.2%(AUD) and Segment Profit declined slightly by 0.6%(AUD), as a result of sales in differentiated products and stronger than expected growth in wealth management offsetting subscription revenue reductions.

Regulatory change has continued to be a major theme in 2013 impacting the priorities of all financial markets participants and wealth managers. There has continued to be a cost focus particularly across our financial market client base and some reductions in subscription revenue albeit at a reduced rate compared with recent years. However, demand for our leading solutions in response to these dynamics and from discretionary initiatives has continued to provide offset. Our wealth management operations had a record result, reinforcing the benefits of continued investment in the product suite and high service levels producing a demonstrably superior solution for our clients.

The group results also reflect the material one-off costs associated with the acquisition and integration of Avelo.

The reported net profit after tax was $24.2m, a 38.2% decrease on reported profits for the same period last year. Impacting on comparability of results for 2013 and 2012 are:

- Revenue from ordinary activities which increased by $43.8m or 21.1% with Operating Revenues before inclusion of Avelo increased by $8.6m or 4.2%. Financial Markets Australia and New Zealand together with Canada experienced Operating Revenue declines of $1.7m and $1.4m respectively. All other segments experienced growth in Operating Revenues, with Wealth Management Australia and New Zealand increasing by $9.1m or 16.9%.
- Business acquisition and implementation costs associated with Avelo in the current period amounted to $9.8m.
- Business restructure expenses in the period were $4.5m, of which $3.8m related to Avelo integration activities commenced in 2013 and committed to occur in 2014.
- Other employee administration expenses which increased by $2.6m during the year, mainly representing increase in travel and accommodation expenditure associated with supporting an increasingly global business. A sizeable amount of travel expenditure was incurred subsequent to the acquisition of Avelo in relation to integration activities.

REVIEW OF GROUP RESULTS (CONTINUED)

- Employee benefits expense increased by $32.5m or 39.1% during the year. This increase arises from a number of factors including:

  • Direct staff costs (which comprises wages, bonus and commission) increased by $25.0m or 34.1%, of which Avelo represented $18.4m of that change. Excluding Avelo, direct staff costs increased by $6.6m or 8.9%.

  • Reflecting the Avelo acquisition together with continued investment to support product development and service levels, headcount increased during the year. The Avelo acquisition resulted in an increase of 583.5 employees when measured on a full time equivalent (FTE) basis. Excluding Avelo, headcount increased by 29.1 FTE or 4.1% on the closing December 2012 headcount level, however the movement in direct staff costs is more aligned to the movement in average headcount which increased by 33.8 FTE over this period.

  • The actual underlying base rate increase (in local currency terms) for staff during the year was 5.76% (excluding South Africa).

  • The increase in the value of staff leave entitlements, arising largely from changes to base remuneration levels and increased leave balances.

  • Share based payments (SBP) expense declined by $0.4m, due to cancellations and the favourable impact of moving grants made in 2013 to a three or more year term. The actual value of grants awarded in the year, after excluding the one-off grants associated with the Avelo acquisition in 2013, and the UK establishment grants in 2012, increased from $8.9m to $9.3m. In addition there was a cost of $0.2m incurred as part of a general employee share plan award. In relation to the Avelo acquisition, total grants amounting to $6.4m were awarded, of which 94% was awarded to Avelo staff under an incentive, retention and performance award on which performance metrics over three years applies. No share based payments expense in the period arose on this special Avelo award due to the nature of the award performance assessment metrics.

- Total customer data fees and communication and other technology expenses increased by $1.5m or 4.4%.
- Other expenses including general and administrative expenses increased by $4.3m or $59%. A primary contributor was foreign currency losses arising on loans to wholly owned subsidiaries which are held by the Company and denominated in the offshore entity's currency, together with an increase in expenses such as audit fees, legal fees and utilities.
- Facilities rent expense increased by $1.9m or 53.8%, primarily due to an additional $0.8m rental expense relating to the Australian and New Zealand businesses, and an additional $0.8m rental expense relating to the United Kingdom business ($0.7m relates to the Avelo business).
- Bad and doubtful debts declined by $0.5m despite an increase in the provision for doubtful debts of $0.3m.
- Unrealised foreign exchange gains increased by $11.6m, of this $10.8m related to foreign exchange movements on the net effect of internal funding arrangements put in place in relation to the acquisition of Avelo. This movement should be aggregated with the Financing Expense of $10.6m, the net movement being $0.2m. The $10.6m of Financing Expense related to swaps entered into as part of the funding arrangements. Recognising the fair value of both the GBP 33.0m swap liabilities (one is for three years, the other five years) resulted in a liability, and all movements in the fair value of this liability are booked to Finance Expenses.
- Depreciation and amortisation expense increased by $0.6m. This comprises:

  • $1.4m increase in depreciation and amortisation expense prior to inclusion of expenses arising on the amortisation of intangible assets recognised as part of an acquisition (Strategic Charges). A portion of this increase, $0.3m, is associated with depreciation on plant and equipment acquired with Avelo; and

REVIEW OF GROUP RESULTS (CONTINUED)

- Strategic Charges decreased by $0.9m notwithstanding an amortisation expense of $1.2m on intangible acquisition assets associated with Avelo. The decline arose due to the Visiplan computer software becoming fully written down in 2012.

- Net interest (comprising interest revenue and interest expense) moved from net income of $1.0m in 2012 to a net expense of $7.1m in 2013. Interest expense for the period of $8.9m comprised costs associated with the cash flow hedge on the Avelo purchase price of $2.7m, amortisation of costs relating to establishment of debt facilities of $2.7m and the aggregate interest expense arising on external debt less offsets from swaps of $3.5m.

In addition the number of shares on issue increased by 30.0m primarily relating to 28.8m shares issued by the underwritten pro-rata accelerated renounceable entitlement offer ('AREO') which formed part of the funding for the acquisition of Avelo and 1.2m shares issued pursuant to employee share plans.

The collective impact of these changes was a decrease in basic EPS from 30.646 cents per share to 17.278 cents per share, a decrease of 43.62%.

Conversion of off-shore results to Australian Dollars:

- The consolidated results of the Group were impacted by the devaluation of the Australian dollar against many currencies during the year. These include the New Zealand dollar, the Hong Kong dollar, the Singapore dollar, the Canadian dollar, the Great British Pound.
- The South African Rand was the only currency to impact the consolidated results of the Group positively due to devaluation against the Australian dollar.
- 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.

Cash flows from operations:

- From Operations

  - The net cash generated from operating activities was $62.0m, (2012: $61.5m) a 0.82% increase from the same period last year, which reflects a number of factors.

  - Receipts from customers less payments to suppliers increased from $160m in 2012 to $198m in 2013, an increase of 24%, which was almost fully offset by an increase in payments to employees. The 2013 increase in payments to employees arises from the additional 612.7 full time equivalent staff that joined the Group during 2013 (583.5 as a result of the acquisition of Avelo and the underlying base rate increase (in local currency terms) for staff during the year of 5.76% (excluding South Africa)).

- From Investing activities

  - The net investment cash flow was an outflow of $386.4m, an increase of $380.2m from the prior year. This primarily reflects $354.4m net cash consideration for the purchase of Avelo combined with $23.2m of acquisition related costs. In addition $8.7m of plant and equipment was purchased during the year (2012: $5.9m).

REVIEW OF GROUP RESULTS (CONTINUED)

- From Financing activities

  • The net cash flow from financing activities was $337.7m, an increase of $385.5m from the prior year. This primarily relates to $206.1m net proceeds from the underwritten pro-rata AREO and $233.0m debt raised which formed the funding for the acquisition of Avelo. Subsequent to the initial debt raising $52.5m of this debt has been repaid during the year. Dividends paid during the year increased by $1.1m reflecting increased shares on issue during the year pursuant to employee share plans and the 0.5 cents increase in the final dividend paid during the year (2012 final dividend paid in 2013: 24.5 cents, 2011 final dividend paid in 2102: 24 cents). Shares issued as part of the AREO were not eligible to participate in the 2013 interim dividend.

REVIEW OF GROUP RESULTS (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 (b)	UNDERLYING GROUP $'000	STRATEGIC CHARGES $'000	REPORTED GROUP $'000
RECURRING OPERATIONAL (a)							
Operating Revenue	2013	145,245	92,366	13,015	250,626	-	250,626
	2012	146,934	59,809	-	206,743	-	206,743
Segment Profit	2013	58,974	29,008	219	88,201	-	88,201
	2012	62,671	20,733	-	83,404	-	83,404
Segment Profit before tax (c)	2013	49,416	26,665	86	76,167	(11,797)	64,370
	2012	59,023	19,228	-	78,251	(12,692)	65,559
Segment Profit after tax	2013	34,345	18,751	60	53,156	(8,199)	44,957
	2012	41,020	13,363	-	54,383	(8,821)	45,562
SBP & NON-CORE							
Share Based Pmts.	2013				(6,245)	(1,827)	(8,072)
	2012				(6,798)	(1,657)	(8,455)
Total Non-Core Exp. Before Tax	2013						(19,834)
	2012						(261)
Tax on SBP and NonRecurring items	2013						7,190
	2012						2,381
REPORTED Profit after tax	2013						24,241
	2012						39,228

Table 4

(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 consistently in this way for the past 9 years.

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

REVIEW OF GROUP RESULTS (CONTINUED)

(c) This figure is derived from segment profit before tax, after net interest and depreciation and amortisation from operations (which excludes amortisation of intangible assets recognised through acquisition (strategic charges)).

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

AUSTRALIA AND NEW ZEALAND - FINANCIAL MARKETS

	2013 $'000	2012 $'000
Operating revenue	107,018	108,755
Segment profit (a)	51,566	54,216

Table 5

(a) Refer Note (a) in Table 4.

Commentary on operating results

• Revenue $107.018m (2012: $108.755m) down 1.6%
• Segment Profit $51.566m (2012: $54.216m) down 4.9%
• Staff and Operating Expenditure $35.636m (2012: $32.928m) up 8.2%
• Headcount Average 209.1 (2012: 203.3) up 5.9%

• Operating Revenue was slightly down in aggregate but with positive growth in recurring revenue run rate over the period. Given the continued focus on regulatory change and cost management by participants, the offsetting demand for our order management systems, portfolio management, online and mobile trading products, this is viewed as a resilient result in the face of challenging market conditions.

• While gross revenue reductions associated with cost reductions by clients and consolidation were experienced over the period, these were reduced when compared to prior years and were further reduced in the latter part of the second half.

• The business experienced offsetting demand for order management systems, portfolio management and online and mobile trading products.

• Cost allocations had the effect of transfer costs previously recognised in Australia and New Zealand Financial Markets to other divisions.

AUSTRALIA AND NEW ZEALAND - WEALTH MANAGEMENT

	2013 $'000	2012 $'000
Operating revenue	62,973	53,864
Segment profit (a)	27,673	23,366

Table 6

(a) Refer Note (a) in Table 4.

Commentary on operating results

• Revenue $62.973m (2012: $53.864m) up 16.9%
• Segment Profit $27.673m (2012: $23.366m) up 18.4%
• Staff and Operating Expenditure $34.680m (2012: $30.056m) up 15.4%
• Headcount Average 244.3 (2012: 226.2) up 8.0%

• 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, 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 in H2 2013.

CANADA

	2013 CAD $'000	2012 CAD $'000	2013 AUD $'000	2012 AUD $'000
Operating revenue	20,073	22,356	20,148	21,555
Segment profit (a)	5,355	6,507	5,390	6,271

Table 7

(a) Refer Note (a) in Table 4.

Commentary on operating results

• Revenue $20.148m (2012: $21.555m) down 6.5% (a CAD decline of 10.2%)
• Segment Profit $5.390m (2012: $6.271m) down 14.1% (a CAD decline of 17.7%)
• Staff and Operating Expenditure $8.790m (2012: $9.077m) down 3.2% (a CAD decline of 6.9%)
• Headcount Average 53.9 (2012: 55.7) down 3.2%

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

• Net revenue reductions stemming from client downsizing, consolidation and business cessation, have continued in 2013.

• Activity during the year has been towards our revenue diversification initiatives which have progressed with seed opportunities and strategic positioning. While positive, these have been insufficient to offset short-term impacts.

CANADA (CONTINUED)

Margins were influenced by both the economic challenges facing the division, which was to some extent offset by the business cost allocation exercise which saw costs previously recognised in Canada reallocated to other divisions for H2 2013.

SOUTH AFRICA

	2013 ZAR R'000	2012 ZAR R'000	2013 AUD $'000	2012 AUD $'000
Operating revenue	199,871	179,736	21,581	21,254
Segment profit (a)	58,881	54,550	6,319	6,484

Table 8

(a) Refer Note (a) in Table 4.

Commentary on operating results

• Revenue $21.581m (2012: $21.254m) up 1.5% (a Rand increase of 11.2%).
• Segment Profit $6.319m (2012: $6.484m) down 2.5% (a Rand increase of 7.9%).
• Staff and Operating Expenditure $12.333m (2012: $12.147m) up 1.5% (a Rand increase 10.7%).
• Headcount Average 166.9 (2012: 167.2) no change.

• 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.

• The South African business has played an important role by leveraging its existing cost base and experience with IRESS products regionally.

• The appreciation of the Australian dollar against the South African Rand has materially impacted the contribution to the group result. Of all the non-AUD operations in the Group, the South African Rand was the only currency to devalue against the AUD, declining by 6.4% over the year.

• 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 in H2 2013.

ASIA

	2013 $'000	2012 $'000
Operating revenue	1,604	985
Segment profit (a)	(3,950)	(3,969)

Table 9

(a) Refer Note (a) in Table 4.

Commentary on operating results

- Revenue for the year was $1.604m (2012: $0.985m) up 63.0%.
- Segment Loss for the year was $(3.950)m (2012: $(3.969m)) no change.
- Staff and Operating Expenditure was $4.740m (2012: $4.237m) up 11.9%.
- Average headcount in the period was 34.6 (2012: 37.1) down 2.6%.

- Strategic progress in Asia is visible with near doubling of revenue in 2013 as we continue to demonstrate and deliver integrated and differentiated solutions to participants in the South-East Asian region.

- The increased revenues did not flow through to Segment Profit margins due to higher staff and operating expenditure which was only partially due to the cost allocation exercise completed in H2 2013.

- Good progress has been made into integrated core trading and market data solutions for the sell-side with a seed client taking the IRESS suite live in the first quarter. We continue to see demand for regional connectedness and interaction together with international market demand from Australia making our investment in Asia increasingly important.

UNITED KINGDOM

	Financial Markets		Wealth Management		Enterprise		Total	
	2013 AUD $'000	2012 AUD $'000	2013 AUD $'000	2012 AUD $'000	2013 AUD $'000	2012 AUD $'000	2013 AUD $'000	2012 AUD $'000
Operating revenue	446	125	23,839	205	13,015	-	37,300	330
Segment profit (a)	(952)	(378)	1,936	(2,585)	219	-	1,203	(2,963)

	Financial Markets		Wealth Management		Enterprise		Total	
	2013 GBP £'000	2012 GBP £'000	2013 GBP £'000	2012 GBP £'000	2013 GBP £'000	2012 GBP £'000	2013 GBP £'000	2012 GBP £'000
Operating revenue	305	81	13,819	133	7,470	-	21,594	214
Segment profit (a)	(545)	(247)	817	(1,684)	335	-	607	(1,931)

Table 10

(a) Refer Note (a) in Table 4.

Commentary on operating results

Financial Markets

- Revenue for the year was $0.446m (2012: $0.125m).
- Segment Loss for the year was $0.952m (2012: $0.378m).
- Financial Markets revenue increased from very modest levels to £0.3m in 2013 with key new implementations.
- 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.

Wealth Management

- Taking into account contribution by Avelo (four months), revenue for the year was £13.8m (2012: £0.1m), £12.8m of the 2013 revenue results from Avelo.
- Segment Profit for the year was £0.8m (2012: loss £1.7m). The Segment Profit margin contribution from the Avelo Wealth management business margin was 20.9% over the four month period.
- IRESS wealth management businesses in the United Kingdom have now been integrated and continued with combined efforts delivering to existing clients and commitments while securing new opportunities.

Enterprise

- Contribution to revenue for the period following completion by the Enterprise business was £7.5m (2012: £0).

UNITED KINGDOM (CONTINUED)

- Segment Profit contribution for the same period was £0.3m (2012: £0). Segment Profit margin was impacted by accelerated product investment in H2 2013, and absence of project related lump sum revenue in the shortened period.
- Work associated with Mortgage Market Review compliance that becomes 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 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 OPERATIONS DURING THE YEAR

During the year the Group acquired Avelo FS Holdings Limited and its subsidiaries, which has been discussed earlier in this report. To fund this acquisition the Company completed an equity raising and arranged new debt facilities. Details on the funding arrangements put in place are set out in Note 18.

CHANGES IN STATE OF AFFAIRS

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

REVIEW OF FINANCIAL CONDITION

CAPITAL STRUCTURE AND TREASURY POLICY

IRESS capital structure consists solely of fully paid up shares, and share rights associated with employee share plans (refer note 20). During the year a 2:9 AREO was completed, which resulted in the issuance of 28.806m shares and $205.965m of additional contributed equity.

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.

The Company has debt funding in place as discussed earlier in this report.

IMPACT OF LEGISLATION AND OTHER EXTERNAL REQUIREMENTS

SIGNIFICANCE OF CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

Significant accounting policies adopted in the preparation and presentation of the financial report are set out in Note 1. In applying the Australian Accounting Standards, Management are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. These estimates are reviewed on an ongoing basis. Judgements that have significant effects on the financial statement and estimates with a significant risk of material adjustment in the next year are disclosed in the relevant notes to the financial statements.

SIGNIFICANCE AND IMPACT OF CHANGES IN LEGISLATION, REGULATION AND OTHER EXTERNAL REQUIREMENTS

Accounting Standards and Interpretations on issue but not yet effective are set out in Note 1(w). The Directors have assessed the impact of the adoption of these Standards and Interpretations and do not believe these Standards and Interpretations will have a material impact in future periods on the financial statements of the Group at this point in time.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year, the number of meetings each Director was eligible to attend and the number of meetings actually attended by each Director (while they were a Director or Committee Member). During the financial year, 19 Board meetings, 10 Audit Committee meetings and 8 Nomination and Remuneration Committee meetings were held.

	BOARD OF DIRECTORS		AUDIT COMMITTEE		NOMINATION AND REMUNERATION COMMITTEE	
DIRECTORS	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
P Dunai	19	19	-	-	8	8
A Walsh	18	18	-	-	-	-
J Seabrook	19	19	10	10	8	8
J Cameron	19	17	-	-	8	8
J Hayes	19	18	10	10	-	-
A D'Aloisio	19	18	10	10	-	-

Table 11

The above meeting numbers reflect the Avelo acquisition and the associated capital raising exercise. More typical meeting numbers in a year would be 5 meetings for the Board, and 4 meetings for each of the Audit Committee and the Nomination and Remuneration Committees.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the year, the Company paid a premium in respect of a contract insuring each of the Directors of the Company (as named above), the Company Secretary and each of the Executive Officers of the Company and of any related body corporate against a liability or expense incurred as such a Director, Secretary or Executive Officer to the extent permitted by the Corporations Act 2001. In accordance with section 300(9) of the Corporations Act 2001 further details have not been disclosed due to confidentiality provisions in the insurance contract.

In addition, the Company has entered into a Deed of Indemnity which ensures that generally the Director of the Company will incur no monetary loss as a result of defending actions taken against them as Directors. Certain actions are specifically excluded, for example, the incurring of penalties and fines which may be imposed in respect of breaches of the law.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by the law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred in their capacity as an officer or auditor.

AUDIT SERVICES

Details of the amounts paid or payable to the auditor for audit services provided during the year by the auditor are outlined in Note 31 to the financial statements.

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 page 60.

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.

AUDITED REMUNERATION REPORT

This Remuneration Report provides details of IRESS' policy for determining the remuneration of Key Management Personnel, the relationship between the policy and the performance of the Company during the financial year and the remuneration of Key Management Personnel in accordance with the requirements of the Corporations Act 2001 and its Regulations.

For the purposes of this report, Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

The remuneration report is set out under the following headings:

- Directors and Key Management Personnel
- 2013 returns and achievements against which to measure remuneration
- Policy and Structure
- Key Changes made and proposed in 2013
- Chief Executive Officer (CEO) and Executive remuneration
- Non-Executive Director remuneration
- Specific remuneration details
- Outline of employment contracts for the CEO and Key Executives

DIRECTORS AND KEY MANAGEMENT PERSONNEL

This remuneration report includes information on the remuneration of:

- the Non-Executive Directors of IRESS Limited:
    - P Dunai (Chairman, member of the Nomination and Remuneration Committee);
    - J Seabrook (Non-Executive Director, Lead Independent Director, Chair of Nomination and Remuneration Committee, member of the Audit Committee);
    - J Cameron (Non-Executive Director, member of Nomination and Remuneration Committee);
    - J Hayes (Non-Executive Director, Chairman of the Audit Committee); and
    - A D'Aloisio (Non-Executive Director, member of the Audit Committee).
- the CEO and Managing Director:
    - A Walsh (Managing Director and CEO).
- Executives:
    - S Barnes (Chief Operating Officer);
    - S Bland (Chief Financial Officer);
    - P Ferguson (Group General Counsel and Company Secretary);
    - J Milton (Group Executive, Human Resources) (appointed September 2013); and
    - D Walker (Chief Technical Officer).

Collectively, the CEO and Managing Director and Executives represent the 'Key Executives'.

AUDITED REMUNERATION REPORT (CONTINUED)

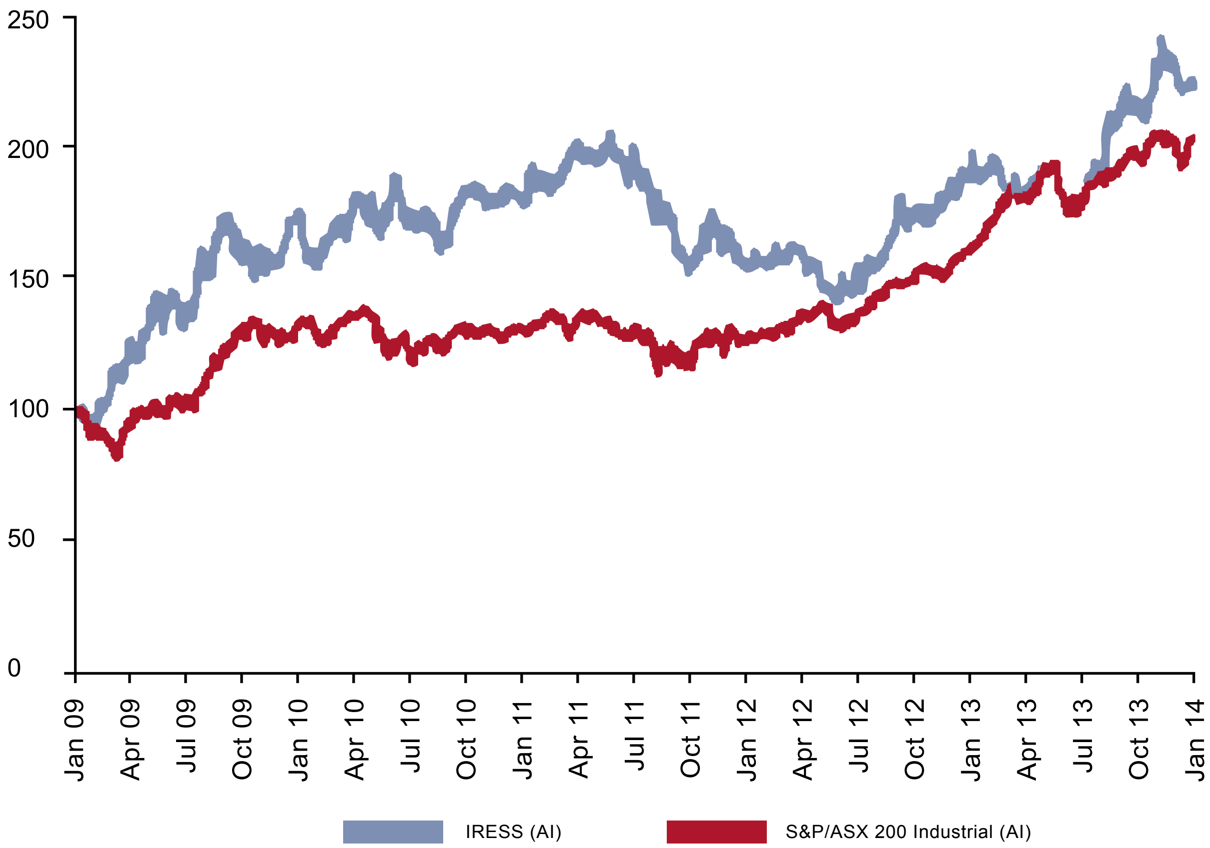
2013 RETURNS AND ACHIEVEMENTS AGAINST WHICH TO MEASURE REMUNERATION

The Board is committed to a remuneration framework for the CEO and Executives, which is performance based linking executive pay to the achievement of IRESS' strategic and business objectives that ultimately generate returns for shareholders.

IRESS achieved better than expected financial performance in 2013 in light of business conditions for financial markets participants, which before the impact of the Avelo acquisition, was near neutral aggregate segment profit growth incorporating the strong growth of its wealth management division. Also in 2013, IRESS successfully completed its transformational acquisition of Avelo in the United Kingdom, integrated Avelo's operations with IRESS' existing operations in the United Kingdom and reviewed and modified its management structure in light of the increased scale of operations.

The graph below outlines the relative share price performance of IRESS Limited over the five years to December 2013, compared to the S&P/ASX 200 Industrials index both on an accumulation basis. Over the five years the IRESS share price had increased by 125% and the S&P/ASX 200 Industrials index increased by 104%. Over the twelve months to 31 December 2013, the IRESS share price has increased by 14.6% and the S&P/ASX 200 Industrials index increased by 11.7%.

Table 12



AUDITED REMUNERATION REPORT (CONTINUED)

2013 RETURNS AND ACHIEVEMENTS AGAINST WHICH TO MEASURE REMUNERATION (CONTINUED)

An analysis of company performance over the five years to December 2013 is set out in the table below. The decline in basic EPS in 2013 was primarily due to once-off costs associated with the acquisition of Avelo and continuing investments in new businesses in Asia and the United Kingdom. This item is discussed in more details on page 15 of the Operating and Financial Review. IRESS began its investment in new businesses in Asia and the United Kingdom in 2011 with basic EPS being impacted by these investments.

MEASURE (a)	31 December 2009	31 December 2010	31 December 2011	31 December 2012	31 December 2013
Basic EPS	34.8¢	40.3¢	32.6¢	30.6¢	17.3¢
Operating cashflow per share (b)	57.5¢	60.4¢	43.2¢	48.0¢	43.6¢
Share price	859.0¢	873.0¢	693.0¢	824.0¢	944.0¢
Change in share price	344.0¢	14.0¢	(180.0¢)	131.0¢	120.0¢
Change in share price (%)	66.8%	1.6%	(20.6%)	18.9%	14.6%
Volume weighted average price for period	689.7¢	843.7¢	833.7¢	703.4¢	853.7¢
Dividend per share (c)	34.0¢	38.0¢ (d)	38.0¢	38.0¢	38.0¢
Weighted average franking on ordinary dividends	100%	100%(d)	85.6%	90%	80%
Segment profit (e) ($'000)	$82,816	$79,493	$89,114	$83,404	$88,201

Table 13

(a) All share price figures shown in this table are based on the raw values. The following ASX adjustment factors apply as a result of the 2:9 AREO issue in August 2013 and the special dividend paid in 31 March 2011, 0.9754 and 0.9961 respectively.
(b) Operating cashflow is taken to be net cash inflow from operating activities as per the Consolidated statement of cash flows.
(c) Dividend per share calculated based on total of interim and final dividend rather than dividends actually paid in the year. The calculation excludes the impact of the 3.5¢ special dividend paid in March 2011.
(d) All dividends prior to the December 2010 final dividend were fully franked. The calculation for 2010 has been adjusted to reflect value for the 3.5¢ special dividend paid in March 2011 as an increase to the franking percentage, rather than a heightened dividend per share.
(e) Refer to Note 26 (Segment information).

This report explains how IRESS' performance in 2013 has impacted remuneration outcomes for the CEO and Key Executives, the changes made to relative remuneration components to appropriately attract and retain executives, project related and retention incentives associated with the acquisition of Avelo, and the changes made to the remuneration framework in response to shareholder feedback at the 2013 AGM.

AUDITED REMUNERATION REPORT (CONTINUED)

POLICY AND STRUCTURE

Executive remuneration is made up of fixed and at risk (STI and LTI) components. A significant portion of total remuneration is at risk. The components of executive remuneration are as follows:

- Total fixed remuneration - competitively positioned against appropriate market data to reflect the scope of the role, experience and performance.

- Short term incentive - strong link to annual financial performance and delivery of results. Achievement of performance against Group profitability targets and satisfaction of individual objectives is required before any award is payable. Approximately two thirds of the STI is deferred in the form of deferred share rights which have a three year continuing service requirement providing a continuing alignment with shareholder interests. The balance is payable in cash.

- Long term incentive - award is based on annual performance of the relevant Executive and vesting is subject to Total Shareholder return over a three year period for Executives and three and four year periods for the CEO. This award also provides strong alignment with shareholder interests. Award is based on the annual contribution of the relevant Executive to the achievement of the strategic objectives and extent to which he or she could impact on these objectives and the results of the Group over the next three to four years.

KEY CHANGES MADE AND PROPOSED IN 2013

A number of changes in remuneration policy and structure were made and proposed during 2013.

These key changes are:

- Recognising that for historical reasons the relative weightings of components making up total remuneration for some Executives differed from the mix for their peers and from the Company's desired target remuneration mix for Executives, a rebalancing exercise was implemented effective 1 January 2013. The change was viewed as necessary to address overall competitiveness of remuneration and potential retention risk. For most Executives, this resulted in an increase in fixed remuneration, a reduction in cash incentives, an increase in deferred Short Term Incentive (STI) and a reduction in potential Long Term Incentive (LTI) performance grants. The CEO's mix was not adjusted as part of this exercise. The impact of this rebalancing in 2013 is shown in Table 16.

- Fixed Remuneration
  - The fixed remuneration of Executives was adjusted as part of the remuneration mix change but on average the fixed remuneration increased by 17.4%. This increase was offset by a reduction in the potential cash STI by 18.5%.

  - Reflecting the expanded size and scale of operations following the Avelo acquisition after having regard to comparable companies, and incorporating CPI increases, A Walsh, S Bland, P Ferguson and D Walker received an increase in their fixed remuneration of 24.2%, 27.3%, 16.7%, and 11.5% respectively. Other increases in Executive fixed remuneration were broadly in line with CPI. Other than these changes, no adjustment was made to the fixed remuneration base for the CEO and Executives during 2013.

- Short term incentive (STI)
  - The grants of deferred shares and deferred share rights awarded during the year have been reclassified as STI as it better reflects what has been the practice of the Company. These instruments are awarded based on performance criteria for the year and require the satisfaction of a three year continuing service requirement to vest, meaning their characteristics better align with a deferred STI classification rather than inclusion as part of LTI (which was the classification in prior years). The deferred value ultimately received is directly impacted by the share price performance in the continuing service period.

AUDITED REMUNERATION REPORT (CONTINUED)

POLICY AND STRUCTURE (CONTINUED)

- STI awards of deferred shares in 2013 (for 2012 performance) are eligible for dividend and voting rights.
- Reflecting shareholder feedback at the 2013 AGM, deferred STI awards to the CEO and Executives for the year ended 31 December 2013 (which are made in 2014) and future periods will be in the form of deferred share rights. A deferred share right is ineligible to receive dividends or vote during the vesting period.

- Long term incentive (LTI)
  - The Employee Performance Rights Plan has been amended such that for the annual assessment period commencing at the AGM in May 2014 and future periods:
    - (i) the number of potential retests will reduce from monthly testing for the six months subsequent to the initial measurement date, to a single retest six months after the initial measurement date; and
    - (ii) the TSR performance for future grants will be assessed on the closing volume weighted average share price for the preceding 20 trading days rather than the closing price on the measurement date.
- Special one-off acquisition related incentive, retention and performance grants relating to Avelo
  - With any acquisition, there is a higher level of effort required by a small number of Executives and there is a risk of key personnel loss. Recognising this, special one off cash project incentives and specific grants of deferred share rights (which are ineligible for dividends or voting rights during the vesting period) were paid to certain IRESS Executives in September 2013.
  - In recognition of the impact of the acquisition of Avelo, a special set of deferred share rights awards were made in September 2013 to a core group of Senior Management and staff at Avelo to secure their retention and to ensure ongoing support of the integration and development of the business opportunity in the United Kingdom ("Avelo Integration Award"). The Avelo Integration Award comprises two series of deferred share rights, both have a three year term and specific performance criteria that cannot be disclosed given their commercial sensitivity. The second series has higher performance levels and was part of the offering to Avelo Senior Management. No share based payments expense in the period arose on this special Avelo award due to the nature of the award performance assessment metrics.
- In line with the approval at the Company's Annual General Meeting in May 2013, the maximum aggregate remuneration level for Non-Executive Directors was increased from $600,000 to $900,000.
- An increase to the Non-Executive Directors' annual fees became effective 1 October 2013 to reflect the increased size and scale of the Group's operations following the Avelo acquisition and also to bring their fees into alignment with median fee levels for comparable companies.

CHIEF EXECUTIVE OFFICER (CEO) AND EXECUTIVE REMUNERATION

Philosophy

The overall objective of the Company's approach to executive remuneration is to have practices and policies that will enable it to attract, retain, motivate and reward executives of the calibre required to successfully deliver long term returns to shareholders. It will comply with remuneration disclosures required by law and will seek to maintain the highest standards of clarity and transparency in communications with shareholders.

The total remuneration package comprises a base package which is both reasonable and market competitive. In addition, a significant component of executive remuneration is 'at risk' through incentive awards which provides an opportunity for the remuneration of the CEO and Executives to vary with performance and results.

AUDITED REMUNERATION REPORT (CONTINUED)

POLICY AND STRUCTURE (CONTINUED)

At risk incentives are based on a mix of performance criteria for each Executive, including total company performance, relevant divisional or business unit performance and the achievement of personal objectives from the performance appraisal process.

The at risk incentives provide both short term benefits (aligned with annual performance outcomes) and long term benefits (to align with sustained delivery of long term shareholder wealth objectives).

The Company believes that the long term interests of Executives and shareholders should be aligned and that such alignment is best achieved by Executives having either direct equity in the Company or instruments whose value is determined by the Company's share price over the medium to long term.

Below is a high level view of the components making up Executive remuneration arrangements applying for the 2013 financial year.

	FIXED ANNUAL REMUNERATION	SHORT TERM INCENTIVE REMUNERATION		LONGER TERM INCENTIVE REMUNERATION
	Base Salary	**Cash incentive**	**Deferred Share / Deferred Share Rights (a)**	**Performance Rights (a)**
Method of Remuneration	Cash	Cash	Equity	Equity
Measured Against	Market Benchmark	Performance Objectives	Performance Objectives	S&P/ASX200 excluding Mining and Property Trusts
Timing of award	October 2013	December 2013	May 2014	May 2014
Period to assess eligibility for incentive award	-	Twelve months ended December 2013	Twelve months ended December 2013	Twelve months ended December 2013
Value potentially available to Executive	Immediate	Annual	3 Years	3 Years (b)

Table 14

(a) Reflecting shareholder feedback at the 2013 AGM
  (i) Deferred STI awards to the CEO or Executives for the year ended 31 December 2013 (awarded in 2014) and future periods will be deferred share rights; and
  (ii) LTI awards (performance rights) for the year ended 31 December 2013 (awarded in 2014) will be issued under rules modified to reduce the number of potential retests from six to one on the six month anniversary, and where TSR performance is assessed on the volume weighted average closing share price for the preceding 20 trading days.

(b) Grants to the CEO have a 4 year term, where a portion have a one year deferred start date for measuring the TSR.

Changes in the remuneration mix for Key Executives

The elements making up the total remuneration mix for certain Key Executives was modified effective 1 January 2013 to bring their remuneration components broadly in line with the mix for their peers and the Company's targeted remuneration mix. In certain cases, this had the effect of increasing the relative contribution of the fixed annual remuneration and short term deferred share incentive arrangements and decreasing the proportion relating to short term cash and long term incentive arrangements as set out in the table below.

AUDITED REMUNERATION REPORT (CONTINUED)

POLICY AND STRUCTURE (CONTINUED)

Total fixed remuneration is targeted to be 55% of annual reward with the balance of total reward at risk, 10% being potentially paid in short term cash incentive and the balance in STI deferred share rights (20%) and LTI performance rights (15%). This compares with 2012 fixed remuneration of 49% of annual reward with the balance of 51% at risk.

Prior to the remuneration mix rebalancing exercise, STI cash incentive arrangements were generally capped at a maximum of 50% of Base remuneration with an average 2012 payment of 33% and historically over the five years ending 2012 being 35.3%. Following the remuneration rebalancing exercise, STI cash incentive levels across the Key Executive group target is18% of Base remuneration. The capacity to exceed this level will continue where exceptional outcomes are delivered, or where warranted by special circumstances or to be below these levels if performance is below the level desired. In the latter case, fixed remuneration will form a greater component of total remuneration but will not increase in quantum. The change in mix allows the Company to vary deferred equity in accordance with individual performance, so that employees with stronger performance are more motivated to remain with the Company.

	TARGET MIX (a) (b)	ACTUAL 2013 % MIX (a) (c)	ACTUAL 2012 % MIX (a) (d)
Fixed annual remuneration - cash	55%	59%	49%
Short term incentive remuneration - cash incentive	10%	9%	16%
Short term incentive remuneration - deferred shares/deferred share rights	20%	17%	0%
Long term incentive remuneration - deferred shares/deferred share rights	0%	0%	15%
Long term incentive remuneration - performance rights	15%	15%	20%

Table 15

(a) This calculation is based on the value of the share grant awarded in the year (based on the share price at the date of the award) and not the actual share based payment expense incurred in the year. This also does not include the actual share rights realisable during the year. It should be noted that the awards in 2013 related to performance in 2012 and those in 2012 to performance in 2011. Where a Key Executive participates in a special share grant intended to provide an incentive over several years, rather than part of the normal annual grant, the grant has been converted to an average grant based on the number of years for which it is effective. Examples of this are the awards to Avelo Executives at the time to the acquisition of this business.
(b) This is a general target with some scope for flexibility and phasing in over time.
(c) Based on Key Executives as at 31 December 2013, and their fixed remuneration levels as at that date. As the project incentives paid to S Bland and P Ferguson were a once-off payment, these have been excluded from this analysis.
(d) Based on Key Executives as at 31 December 2012 and their fixed remuneration levels as at that date.

AUDITED REMUNERATION REPORT (CONTINUED)

POLICY AND STRUCTURE (CONTINUED)

The CEO's remuneration mix was not modified in the rebalancing exercise completed in January 2013 which kept the targeted mix for the CEO with a fixed versus incentive pay ratio of approximately 40:60.

The following table summarises the remuneration mix for the CEO during 2013.

	ACTUAL 2013 % MIX (a)	ACTUAL 2012 % MIX (a)
Fixed annual remuneration - cash	41%	39%
Short term incentive remuneration - cash incentive	13%	14%
Short term incentive remuneration - deferred share	16%	0%
Long term incentive remuneration - deferred shares rights	0%	19%
Long term incentive remuneration - performance rights	30%	28%

Table 16

(a) This calculation is based on
  - (i) the CEO's fixed remuneration as at 31 December 2013 and 31 December 2012; and
  - (ii) the value of the share grant awarded in the year (based on the share price at the date of the award) and not the actual share based payment expense incurred in the year. It should be noted that the awards in 2013 related to performance in 2012 and those in 2012 to performance in 2011.

Each of the elements making up the CEO and Executive's total remuneration is examined in more detail on the following pages.

Fixed annual remuneration

The fixed remuneration consists of cash salary ('Base'), benefits and fringe benefits. In situations where it is consistent with the treatment of the broader employee base, the Company will gross-up the amount in relation to benefits that do not qualify as company income tax deductions. As applicable, the Company makes superannuation contributions on fixed remuneration amounts up to applicable age based limits.

To ensure that fixed remuneration arrangements remain competitive, the fixed remuneration component of the CEO and Executive remuneration is reviewed annually in October based on performance and market data.

Assessment of remuneration is against executive remuneration packages for matched positions having similar scope, accountability and complexity to those being reviewed including:

- other positions within the Company so that internal relativities are maintained; and/or
- positions in companies with a similar market capitalisation to that of the Company's and/or operating within a similar industry sector.

Incentive remuneration

The Company operates incentive schemes to provide competitive performance based remuneration incentives to the CEO, Executives and staff. The objectives of these schemes are to:

- align the interests of the CEO, Executives and staff with those of shareholders;
- provide participants with an opportunity to be rewarded with at risk remuneration which varies with performance outcomes achieved over the measurement period; and

AUDITED REMUNERATION REPORT (CONTINUED)

POLICY AND STRUCTURE (CONTINUED)

- reflect a strong commitment towards attracting and retaining high performing employees who are committed to the ongoing success of the Company.

Objectives are set for the CEO and each Executive and these are reviewed by the Nomination and Remuneration Committee for the Executives, and Non-Executive members of the Board for the CEO. These objectives reflect financial, operational and strategic priorities of the Group; they are weighted and contain specific deliverables covering areas of client service, product, organic and inorganic revenue growth, and people.

The critical hurdle for the determination of the quantum of the incentive remuneration pool for the year is segment profit for the year, both in absolute terms and compared to budget.

During the course of a year the specific deliverables and priorities may change, so judgement is exercised as to how the Executive responded to changing priorities and the quality and balance of delivery. Accordingly, incentive outcomes are not formulaic.

Operational hurdles include:

- Maintaining and nurturing existing businesses;
- Actively managing business risks and delivery capability; and
- Leveraging geographic positions with relevant core product capability.

In 2013, IRESS maintained and grew its existing businesses by continuing to innovate products and provide a high degree of client support and service. The year included numerous strategic engagements with clients and project deliveries that provided strong offset to the broader economic and business conditions impacting our client base.

Strategic hurdles vary by Executive but include:

- Active support for new businesses and growth assets; and
- Positioning IRESS for further acquisitions or new businesses which match areas of strategic growth.

In 2013, IRESS:

- Successfully completed its significant acquisition of Avelo. This transaction was the result of a long period of engagement with the vendors, involved extensive due diligence of the business in the United Kingdom raised debt and equity and positioned our funding sources and foreign exchange exposure to minimise profit impacts. The Group continued to fund and support new businesses in the United Kingdom and Asia, and enhanced the Group management structure to accommodate the scale and complexity post the acquisition of Avelo.

Cash incentive

The following cash incentives for Key Executives were accrued during the year and paid in December 2013.

For its Australian Executives, the Company makes superannuation contributions on cash incentive payments at the statutory rate (subject to age based limits). This is not included in assessing cash incentive percentages relative to the applicable benchmark in the table below.

AUDITED REMUNERATION REPORT (CONTINUED)

POLICY AND STRUCTURE (CONTINUED)

		CASH STI LEVEL PROVIDED AS A GUIDE IN REMUNERATION MIX CHANGE	CASH STI TARGET	% ACHIEVED	$ ACHIEVED	% NOT ACHIEVED
		% OF REMUNERATION (a)	**% OF BASE**	**% OF BASE (b)**	**$**	**% OF BASE**
A Walsh (c)	2013	14%	35%	50%	500,000	N/A
	2012	N/A	N/A	37%	300,000	13%
S Barnes	2013	10%	18%	18%	65,000	0%
	2012	N/A	N/A	20%	65,000	0%
S Bland (d)	2013	8%	14%	36%	199,492	N/A
	2012	N/A	N/A	38%	138,000	12%
P Ferguson (e)	2013	11%	21%	44%	123,227	N/A
	2012	N/A	N/A	26%	62,000	4%
J Milton (f)	2103	N/A	-	38%	73,432	-
D Walker	2013	11%	20%	18%	85,000	2%
	2012	N/A	N/A	43%	162,000	7%

Table 17

(a) The cash STI guide percentage has been rebased from a percentage of total remuneration as discussed in the section above, to its equivalent amount when expressed as a percentage of the prevailing Base remuneration level.
(b) Based on annualised monthly salary as at 31 December 2013 excluding superannuation.
(c) Cash STI paid in 2013 relative to Target level reflects A Walsh’s contribution associated with the Avelo acquisition.
(d) For 2013, this line reflects S Bland's aggregate cash STI received during the year after inclusion of his project incentive (and excludes $10,508 paid to superannuation).
(e) For 2103, this line reflects P Ferguson's aggregate cash STI received during the year after inclusion of his project incentive (and excludes $6,773 paid to superannuation).
(f) J Milton joined the Group from September 2013. The incentive paid in December reflects J Milton's performance over the nine months to 31 December 2013. The figures have been annualised in this analysis. The Avelo purchase agreement included a pro rata accrual for incentives due to staff including J Milton for the period prior to IRESS' ownership.

AUDITED REMUNERATION REPORT (CONTINUED)

POLICY AND STRUCTURE (CONTINUED)

Deferred short term incentive

The Company currently operates the following short term deferred incentive plans (the details of which are set out in Notes 39 and 40 of the financial statements):

- Employee Deferred Share Plan; and
- Employee Deferred Share Rights Plan.

(collectively "deferred share instruments" or "DSI").

The Employee Deferred Share Plan and the Employee Deferred Share Rights Plan were introduced in April 2008. The CEO, Executives and staff are eligible to participate in the Company's deferred share instrument incentive plans.

The decision to make an award of a DSI is made periodically by the Board (usually annually).

Individual participation in a DSI award is based on annual outcomes achieved, with a discretion to adjust the amount based on the strategic significance of the role; capacity to impact strategic outcomes in terms of special achievements or requirements; future potential and succession planning requirements; and personal performance including achievement of the individual’s short term objectives.

Vesting of DSIs is dependent upon continued employment for the term of the security and acceptable individual performance.

The STI instrument awarded to the CEO and Executives in May 2013 was a deferred share (or deferred share right depending on the location of the Executive). Reflecting shareholder feedback at the 2013 AGM, future deferred STI awards to the CEO or Executives will be deferred share rights which are ineligible to receive dividends or vote during the vesting period.

Hedging of unvested DSIs is prohibited.

Special acquisition related incentive retention and performance awards of deferred share rights

In recognition of the impact of the acquisition of Avelo, a special set of deferred share rights awards were made in September 2013 to a core group of Senior Management and staff at Avelo to secure their retention and to ensure ongoing support of the integration and development of the business opportunity in the United Kingdom ("Avelo Integration Award"). The Avelo Integration Award comprises two series of deferred share rights, both have a three year term and specific performance criteria that cannot be disclosed given their commercial sensitivity. The second series has higher performance levels and was part of the offering to Avelo Senior Management. 772,979 deferred share rights with a fair value of $5,975,128 based on the share price at the date of the award being $9.10 on 1 September 2013 were awarded to 39 individuals as part of the Avelo Integration Award. The only Key Executive included in the Avelo Integration Award was J Milton who was awarded deferred shares rights with a fair value of $425,003 based on the share price at the date of the award being $9.10 on 1 September 2013 (54,981 deferred share rights) of which 10% is subject to the higher performance criteria (5,498 deferred share rights).

Also in September 2013 a second group of DSI awards was made to existing IRESS employees where the Avelo acquisition was viewed as having an impact on their role in the newly enlarged business warranting recognition and therefore warranting an award sooner than the typical annual award cycle (“Sept 2013 Grant”). 51,450 deferred share rights with a fair value of $398,737 based on the share price at the date of the award being $9.10 on 1 September 2013 were awarded to 16 individuals as part of the September 2013 Grant. The only Key Executive in this group was P Ferguson who received deferred share rights with a fair value of $39,990 (5,160 deferred share rights) based on the share price at the date of the award being $9.10 on 1 September 2013.

AUDITED REMUNERATION REPORT (CONTINUED)

POLICY AND STRUCTURE (CONTINUED)

Deferred shares and deferred share rights awarded to Key Executives are detailed below.

DIRECTORS		APPLICABLE PLAN RULES (a)	SHARE RIGHTS AWARDED DURING THE YEAR	FAIR VALUE OF SHARE RIGHTS AWARDED DURING THE YEAR $	SHARE RIGHTS VESTED DURING THE YEAR	SHARE RIGHTS LAPSED DURING THE YEAR	AGGREGATE AMOUNT PAID ON SHARE RIGHTS VESTED DURING THE YEAR $
A Walsh	2013	DSP (b)	55,000	$468,050	30,000	-	-
	2012	DSP (b)	65,000	$401,700	29,000	-	-
EXECUTIVES							
S Barnes	2013	DSP (c)	16,220	$138,032	-	-	-
	2012	DSP (c)	20,320	$125,576	-	-	-
S Bland	2013	DSP (c)	18,800	$159,988	10,290	-	-
	2012	DSP (c)	14,150	$87,447	10,190	-	-
P Ferguson	2013	DSP (c)	10,580	$90,036	-	-	-
	2013	DSR (d)	5,160	$39,990	-	-	-
	2012	DSP (c)	12,930	$79,907	-	-	-
J Milton	2013	DSR (e)	54,981	$425,003	-	-	-
D Walker	2013	DSP (c)	19,980	$170,030	10,290		-
	2012	DSP (c)	15,480	$95,664	10,790	-	-

Table 18

(a) DSP denotes Deferred Share Plan and DSR denotes Deferred Share Rights Plan (refer Notes 39 and 40). No amount is payable on the exercise of a deferred share right.
(b) Deferred shares awarded in 2013 for performance in 2012. Deferred shares vested in 2013 related to performance in 2011 and 2010. Deferred shares awarded in 2012 for performance in 2011. Deferred shares vested in 2012 related to performance in 2010 and 2009.
(c) Deferred shares awarded in 2013 for performance in 2012. Deferred shares vested in 2013 related to performance in 2011. Only S Bland and D Walker were employees of IRESS in 2011. Deferred shares awarded in 2012 for performance in 2011. Deferred shares vested in 2012 related to performance in 2010. Only S Bland and D Walker were employees of IRESS in 2010.
(d) These deferred share rights were awarded to P Ferguson as part of the share grants awarded to certain IRESS staff following the Avelo acquisition in September 2013.
(e) This award has additional performance criteria attached to it, and is intended to represent the primary component of J Milton's deferred STI remuneration over the next three years.

AUDITED REMUNERATION REPORT (CONTINUED)

POLICY AND STRUCTURE (CONTINUED)

Longer term incentive remuneration

The Company currently uses the Employee Performance Rights Plan ("performance rights") to achieve the longer term incentive objectives. (Details of the plan are set out in Note 38.)

While all staff are eligible to participate in the Performance Rights Plan, awards since 2008 have been largely limited to the CEO and Executives.

The decision to make an award of performance rights is made periodically by the Board (usually annually).

Individual participation is based on a number of factors including the strategic significance of the role and outcomes achieved, capacity to impact strategic outcomes in terms of special achievements or requirements, future potential and succession planning requirements with an initial assessment made at the time of the annual assessment of other incentives to arrive at an appropriate remuneration for that Executive for that financial year and a final assessment is made in May of the following year at the time of the AGM for the financial year.

Hedging of unvested performance rights is prohibited.

Performance rights vest, subject to meeting performance criteria (outlined below) at the end of the vesting period (typically three years).

Performance Rights - Performance criteria

The Company's performance ranking for a performance period is determined by reference to the total shareholder return of the Company during the performance period as compared to the total shareholder return for each company in a peer group of companies.

The performance right arrangement is intended to assess performance over the measurement period generally, and closely link Executive interests with shareholders. The Employee Performance Rights Plan allowed for six monthly retests (monthly commencing one month after the initial measurement date), prior to the modifications adopted as result of feedback from shareholders post the 2013 AGM.

In response to shareholder feedback, the retesting arrangements on performance rights and the prices used in the assessment have been modified. Under the changes the opportunity for re-testing occurs only once, six months after the initial measurement date and future performance right grants assessed based on a calculation having regard to the closing prices over the preceding 20 day period prior to the measurement date rather than the closing share prices for the peer group on the measurement date. The modified plan rules will apply to the 2014 grant.

The peer group of companies comprises the top 200 companies listed in the S&P/ASX 200 companies index after excluding mining companies and listed property trusts at the date the share right grant is made. A peer company must remain in the S&P/ASX 200 index for the entire performance period (i.e. new entrants and companies dropping out of the S&P/ASX 200 index are excluded).

The peer group has been selected to align Executive assessment with the criteria broadly applicable to the investment mandates under which institutional shareholders have invested in the Company. This is in recognition that there is no clear superior alternative and institutional shareholders overwhelmingly represent our largest shareholder group. The Board regularly reviews the suitability of this benchmark.

The Company's ranking within the peer group at the end of the relevant performance period determines the number of performance rights in the particular series that become exercisable (if any) on the following basis.

AUDITED REMUNERATION REPORT (CONTINUED)

POLICY AND STRUCTURE (CONTINUED)

PERFORMANCE RANKING RANGE	NUMBER OF PERFORMANCE RIGHTS EXERCISABLE
Below 50th percentile	No rights exercisable.
50th percentile	50% of the rights in the series are available to be exercised.
51st percentile to 74th percentile	Rights available in the series available to be exercised are determined on a pro-rata basis between 50% and 100% depending on the Company's percentile performance ranking.
75th percentile or higher	100% of the rights in the series are available to be exercised.

Table 19

Company performance and remuneration

In May 2013, no performance rights vested. A total of 252,650 performance rights with a fair value of $1,435,052 vested over the period to November 2013 as a result of retests post the first measurement date. The performance ranking of IRESS over the measurement period including completion of the retests, was at the 62.5th percentile (resulting in 62.5% of grants vesting) when benchmarked against the S&P/ASX 200 excluding mining companies and property trusts over the applicable period, in accordance with the plan rules. 94,744 performance rights with a fair value of $538,145 lapsed as a result of this measurement ie 37.5% of those potentially eligible to vest at that time. These performance rights related to awards made in 2010 for the performance of Executives in the year ending 31 December 2009.

In May 2013, 249,110 performance rights with a fair value of $1,253,023 were awarded to Key Executives for their performance in the year ended 31 December 2012.

In May 2014, a final assessment will be made as to the performance rights to be awarded for the year ended 31 December 2013.

Share rights in 2013

Share rights granted to, and vesting in, Directors and Key Executives

The following table sets out the share rights granted by the Company as well as the share rights which vested during the year to Directors and Executives.

No share rights have been granted to Directors or Executives since the end of the year. Other than as noted below, no share rights granted to Directors or Executives have been cancelled during the year or since the end of the year. No rights that were granted in the year ended 2013 vested in 2013.

AUDITED REMUNERATION REPORT (CONTINUED)

POLICY AND STRUCTURE (CONTINUED)

DIRECTORS		APPLICABLE PLAN RULES (a)	SHARE RIGHTS AWARDED DURING THE YEAR	FAIR VALUE OF SHARE RIGHTS AWARDED DURING THE YEAR $	SHARE RIGHTS VESTED DURING THE YEAR	SHARE RIGHTS LAPSED DURING THE YEAR	AGGREGATE AMOUNT PAID ON SHARE RIGHTS VESTED DURING THE YEAR $
A Walsh	2013	PRP (b)	130,000	$636,350	77,813	47,187	1
	2012	PRP (b)	160,000	$576,000	64,000	36,000	1
EXECUTIVES							
S Barnes	2013	PRP (c)	20,680	$104,020	-	-	1
	2012	PRP (c)	20,320	$76,403	-	-	N/A
S Bland	2013	PRP (c)	23,860	$120,016	19,727	11,963	1
	2012	PRP (c)	47,220	$177,547	29,440	16,560	1
P Ferguson	2013	PRP (c)	12,920	$64,988	-	-	1
	2012	PRP (c)	15,970	$60,047	-	-	N/A
J Milton	2013	PRP (c)	-	-	-	-	N/A
D Walker	2013	PRP (c)	25,840	$129,975	19,727	11,963	1
	2012	PRP (c)	51,670	$194,279	26,880	15,120	1

Table 20

(a) PRP denotes Employee Performance Rights Plan (refer Note 38 of the financial statements). The exercise price was $1 in total for each series of performance rights exercised.

(b) Performance rights awarded in 2013 for performance in 2012. Performance rights vested in 2013 related to these rights awarded in 2010 for performance in the year ended 31 December 2009. Performance rights awarded in 2012 for performance in 2011. Performance rights vested in 2012 related to these rights awarded in 2009 for performance in the year ended 31 December 2008.

(c) Performance rights awarded in 2013 for performance in 2012. Performance rights vested in 2013 related to these rights awarded in 2010 for performance in the year ended 31 December 2009. Only S Bland and D Walker were employees of IRESS in 2009. Performance rights awarded in 2012 for performance in 2011. Performance rights vested in 2012 related to these rights awarded in 2009 for performance in the year ended 31 December 2008. Only S Bland and D Walker were employees of IRESS in 2008.

Share rights exercised Directors and Executives

During the financial year, all vested share rights held by Directors or Executives were exercised and no vested shares remain unexercised at 31 December 2013.

AUDITED REMUNERATION REPORT (CONTINUED)

POLICY AND STRUCTURE (CONTINUED)

Share Rights held by the CEO during the year

The table below summarises the various share rights held by the CEO, Andrew Walsh during the year.

							PERFORMANCE RANKING DATE					
DIRECTORS	YEAR OF PERFORMANCE REWARDED	AWARD DATE	NUMBER OF SHARE RIGHTS GRANTED	APPLICABLE PLAN RULES (a)	TOTAL SHARE RIGHTS CANCELLED/ LAPSED	FAIR VALUE ESTIMATE AT GRANT DATE (b)	DATE (g)	PERCENTILE RANKING (PR ONLY)	VESTED	TOTAL VESTED AND EXERCISED	TOTAL VALID OUTSTANDING (c)	% VESTED
A Walsh	2009	7-May-10	125,000	PRP	47,187	$5.68	7-May-13	Third quartile	77,813	77,813	-	62.25%
	2010	9-May-11	30,000	DSP	-	$9.23	7-May-13	-	30,000	30,000	-	100%
	2010	9-May-11	150,000	PRP	-	$5.87	7-May-15	-	-	-	150,000	-
	2010	9-May-11 (d)	150,000	PRP	-	$5.79	7-May-15	-	-	-	150,000	-
	2011	7-May-12	65,000	DSP	-	$6.18	7-May-15	-	-	-	65,000	-
	2011	7-May-12	80,000	EPRP	-	$3.64	7-May-16	-	-	-	80,000	-
	2011	7-May-12 (e)	80,000	PRP	-	$3.56	7-May-16	-	-	-	80,000	-
	2012	7-May-13	55,000	DSP	-	$8.51	7-May-16	-	-	-	55,000	-
	2012	7-May-13	65,000	PRP	-	$5.03	7-May-17	-	-	-	65,000	-
	2012	7-May-13 (f)	65,000	PRP	-	$4.76	7-May-17	-	-	-	65,000	-

Table 21

(a) PRP denotes Employee Performance Rights Plan (refer Note 38), DSP denotes Deferred Share Plan (refer Note 39).
(b) The value of performance rights at grant date set out in the tables above is 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 share price, exercise price, expected dividends, expected risk free rates and expected share price volatility (refer Note 37) as well as adjusting for the likelihood of achieving performance hurdles.
(c) The quantum of performance rights ultimately vesting is a function of the performance of the Company relative to its peer group.
(d) This series of performance rights has a three year measurement period commencing 7 May 2012.
(e) This series of performance rights has a three year measurement period commencing 7 May 2013.
(f) This series of performance rights has a three year measurement period commencing 7 May 2014.
(g) For performance rights, the date shown is the earliest date for performance testing.

AUDITED REMUNERATION REPORT (CONTINUED)

POLICY AND STRUCTURE (CONTINUED)

Share Rights held by Executives during the year

The table below summarises the various share rights held by Executives during the year.

	YEAR OF PERFOR-MANCE REWARDED	GRANT DATE	SHARE RIGHTS AWARDED	NUMBER OF PARTICI-PANTS AT AWARD DATE	NUMBER OF CURRENT PARTICI-PANTS	TOTAL SHARE RIGHTS CANCELLED/ LAPSED	FAIR VALUE ESTIMATE AT AWARD DATE (a)	RANKING /VESTING DATE (b)	RANKING (PR ONLY)	VESTED	TOTAL VESTED AND EXERCISED	TOTAL VESTED AND NOT EXERCISED	TOTAL VALID OUT-STANDING (c)	% VESTED
Deferred Shares	2010	7-May-11	20,580	2	-	-	$9.23	7-May-13	-	20,580	20,580	-	-	100%
	2011	7-May-12	62,880	4	4	-	$6.18	7-May-14	-	-	-	-	62,880	-
	2012	7-May-13	65,580	4	4	-	$8.51	7-May-16	-	-	-	-	65,580	-
Deferred Share Rights	2013	1-Sep-13 (d)	5,160	1	1	-	$7.73	31-Dec-16	-	-	-	-	5,160	
	2013	1-Sep-13 (d)	49,483	1	1	-	$7.73	31-Dec-16	-	-	-	-	49,483	
	2013	30-Sep-13(e)	5,498	1	1	-	$7.75	31-Dec-16	-	-	-	-	5,498	
Performance Rights	2009	7-May-10	63,380	2	-	23,926	$5.68	7-May-13	Third quartile	39,454	16,466	-	-	62.25%
	2010	9-May-11	63,750	2	2	-	$5.96	7-May-14	-	-	-	-	63,750	-
	2011	7-May-12	139,960	4	4	-	$3.76	7-May-15	-	-	-	-	139,960	-
	2012	7-May-13	83,300	4	4	-	$5.03	7-May-16	-	-	-	-	83,300	-

Table 22

(a) The value of performance rights at grant date set out in the tables above is 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 share price, exercise price, expected dividends, expected risk free rates and expected share price volatility (refer Note 37) as well as adjusting for the likelihood of achieving performance hurdles.
(b) This is the scheduled vesting date for deferred shares and deferred share rights. For performance rights the date shown is the first date for measurement of performance ranking.
(c) The quantum of performance rights ultimately vesting in Executives and staff is a function of the performance of the Company relative to its peer group.

AUDITED REMUNERATION REPORT (CONTINUED)

POLICY AND STRUCTURE (CONTINUED)

(d) These share grants are linked to specific criteria associated with the Group's acquisition of Avelo. The grants made are once-off, and are outside the typical deferred incentive arrangements for Executives and staff (refer Note 37).

(e) These share grants are linked to the Group's acquisition of Avelo. The grants made are once-off, and are outside the typical deferred incentive arrangements for Executives and staff (refer Note 37).

AUDITED REMUNERATION REPORT (CONTINUED)

NON-EXECUTIVE DIRECTOR REMUNERATION

The Company's Non-Executive Directors receive fees (including statutory superannuation) for their services plus the reimbursement of reasonable expenses. Non-Executive Directors' fees are reviewed annually and are determined by the Board having regard for fees paid to Non-Executive Directors of comparable companies, and where considered necessary the Board seeks external advice on this subject.

The Board aims to set the aggregate remuneration around the median level for comparable companies which provides the ability for IRESS to attract and retain highly competent Directors. The aggregate remuneration level is determined from time to time by shareholders at a general meeting, in accordance with the Company's Constitution. The aggregate amount is then apportioned between the Directors as agreed, taking into account market comparisons, the Director's responsibilities, and the time spent by the Non-Executive Directors on IRESS matters. Non-Executive Directors do not receive performance-based incentives.

The maximum aggregate remuneration level for Non-Executive Directors was approved by shareholders to increase from $600,000 to $900,000 at the Annual General Meeting held on 2 May 2013.

An increase to the Non-Executive Directors' annualised fee structure was approved by the Board of Directors on 23 October 2013 with effect from 1 October 2013 to reflect the increased size and scale of the Group's operations particularly following the Avelo acquisition, and also to bring fees into alignment with median fee levels for comparable companies. Fees paid to Non-Executive Directors during 2013 were within the maximum aggregate limit of $900,000.

At the end of the year the Non-Executive Directors' annualised fee structure was as follows.

ROLE	2013 $ (a)	2012 $ (a)
Chairman	200,000	163,500
Chairman of the Audit Committee	132,000	92,375
Chair of the Nomination and Remuneration Committee / Lead Independent Director	132,000	92,375
Non-Executive Directors	110,000	80,000

Table 23

(a) Includes statutory superannuation contributions or salary in lieu of statutory superannuation contributions by the Company.

Consistent with Recommendation 8.3 of the Australian Securities Exchange (ASX) Corporate Governance Principles and Recommendations, there are no other schemes for retirement benefits for Non-Executive Directors.

Non-Executive Directors are ineligible to participate in the Company's Deferred Share, Deferred Share Rights or Performance Rights plans. While there is a Non-Executive Director equity plan, there have been no shares acquired or rights granted to Non-Executive Directors under this plan.

AUDITED REMUNERATION REPORT (CONTINUED)

Director and Key Executive shareholdings

The following table sets out the relevant interest in shares, performance rights, deferred shares and deferred share rights of the Company for each Director and Key Executive held directly or through a related body corporate, at the date of this report including where applicable, shares yet to be beneficially transferred/withdrawn by the respective Key Executive from the IRESS Limited Equity Plan Trust (formerly "IRESS Market Technology Equity Plan Trust"). There are no vested share rights which have not been exercised. Unvested performance rights and deferred shares may, subject to meeting performance hurdles, vest at some time in the future. Some or all of these shares may still be subject to restrictions as set out in the share plan rules, and as such are currently held on trust for the respective Director / Key Executive by the IRESS Limited Equity Plan Trust.

		FULLY PAID ORDINARY SHARES (a)	UNVESTED PERFORMANCE RIGHTS	UNVESTED DEFERRED SHARES	UNVESTED DEFERRED SHARE RIGHTS
DIRECTORS					
P Dunai	2013	900,000	-	-	-
	2012	900,000	-	-	-
A Walsh	2013	303,521	590,000	120,000	-
	2012	172,950	585,000	95,000	
J Seabrook	2013	36,667	-	-	-
	2012	30,000			
J Cameron	2013	36,668	-	-	-
	2012	20,000			
J Hayes	2013	12,467	-	-	-
	2012	10,200			
A D'Aloisio	2013	9,839	-	-	-
	2012	8,050			
EXECUTIVES					
S Barnes	2013	-	45,780	36,540	-
	2012	-	25,100	20,320	
S Bland	2013	303,091	102,120	32,950	-
	2012	299,830	109,950	24,440	-
P Ferguson	2013	-	28,890	23,510	5,160
	2012	-	15,970	12,930	
J Milton	2013	-	-	-	54,981
	2012	-	-	-	-
D Walker	2013	572,390	110,220	35,460	-
	2012	482,930	116,070	25,770	-

Table 24

(a) Some or all of these shares may still be subject to restrictions as set out in the share plan rules, and as such are currently held on trust for the respective individual by the IRESS Limited Equity Plan Trust.

AUDITED REMUNERATION REPORT (CONTINUED)

SPECIFIC REMUNERATION DETAILS

Details of the remuneration of each Director and Executives prepared in accordance with statutory requirements and accounting standards are detailed on pages 52 to 56.

Actual Remuneration

Actual remuneration received by each Director and Executive, as set out on pages 48 to 51, is provided in addition to the statutory reporting of remuneration with a view to increasing transparency about the remuneration actually received during the year.

Actual remuneration for this analysis has been calculated to include cash salary and fees, superannuation, non-cash benefits received during the year and the full value share right of incentives vested during the financial year calculated based on the share price at the date the entitlement was vested (and hence realisable). Actual remuneration does not include share incentives awarded in the year. The associated share based payments expense reflects the amortised accounting value for share rights awarded in the current and prior years which may or may not align with achieved outcomes. This is not included in calculation of actual remuneration.

AUDITED REMUNERATION REPORT (CONTINUED)

		SHORT-TERM EMPLOYMENT BENEFITS				POST EMPLOYMENT (a)	SHARE ENTITLEMENTS REALISABLE DURING THE YEAR		
		SALARY AND FEES	INCENTIVE	NON-MONETARY - OTHER	NON-MONETARY - SECONDMENT ALLOWANCES	SUPERANNUATION	DEFERRED SHARES/SHARE RIGHTS (b)	PERFORMANCE RIGHTS (b)	TOTAL ACTUAL REMUNERATION RECEIVED (c)
		$	$	$	$	$	$	$	$
DIRECTORS									
Executive director									
A Walsh (d)	2013	853,750	500,000	-	51,705	25,000	255,300	696,911	2,382,666
	2012	805,000	300,000	-	-	25,000	395,520	179,220	1,704,740
Non-Executive directors									
P Dunai	2013	162,500	-	-	-	14,844	-	-	177,344
	2012	150,000	-	-	-	13,500	-	-	163,500
J Seabrook	2013	96,561	-	-	-	8,826	-	-	105,387
	2012	84,748	-	-	-	7,627	-	-	92,375
J Cameron	2013	82,546	-	-	-	7,544	-	-	90,090
	2012	73,394	-	-	-	6,606	-	-	80,000
J Hayes	2013	96,561	-	-	-	8,826	-	-	105,387
	2012	84,748	-	-	-	7,627	-	-	92,375
A D'Aloisio	2013	82,546	-	-	-	7,544	-	-	90,090
	2012	42,813	-	-	-	3,853	-	-	46,666
Former Directors									
B Burdett(e)	2012	25,312	-	-	-	2,278	-	-	27,590
Total Non-Executive Directors remuneration	2013	520,714	-	-	-	47,584	-	-	568,298
	2012	461,015	-	-	-	41,491	-	-	502,506
Total Directors remuneration	2013	1,374,464	500,000	-	51,705	72,584	255,300	696,911	2,950,964
	2012	1,266,015	300,000	-	-	66,491	179,220	395,520	2,207,246
Executives									
S Barnes (f)	2013	336,250	65,000	-	-	26,609	-	-	427,859

AUDITED REMUNERATION REPORT (CONTINUED)

		SHORT-TERM EMPLOYMENT BENEFITS				POST EMPLOYMENT (a)	SHARE ENTITLEMENTS REALISABLE DURING THE YEAR		
		SALARY AND FEES	INCENTIVE	NON-MONETARY - OTHER	NON-MONETARY - SECONDMENT ALLOWANCES	SUPERANNUATION	DEFERRED SHARES/SHARE RIGHTS (b)	PERFORMANCE RIGHTS (b)	TOTAL ACTUAL REMUNERATION RECEIVED (c)
		$	$	$	$	$	$	$	$
	2012	217,917	65,000	-	-	25,283	-	-	308,200
S Bland (g) (h)	2013	470,000	199,492	1,663	-	25,000	264,247	-	960,402
	2012	366,258	138,000	1,592	-	25,000	244,913	-	775,763
P Ferguson (g)	2013	250,000	123,227	928	-	32,214	-	-	406,369
	2012	240,000	62,000	330	-	20,569	-	-	322,899
J Milton (i)	2013	62,317	55,074	1,782	-	5,501	-	-	124,674
D Walker (j)	2013	441,063	85,000	1,663	-	25,000	264,247	-	816,973
	2012	375,354	162,000	1,592	-	25,000	232,801	-	796,747
Total Executive remuneration	2013	1,559,630	527,793	6,036	-	114,324	175,136	353,359	2,736,278
	2012	1,199,529	427,000	3,514	-	95,852	129,656	348,058	2,203,609
Total Directors and Executive remuneration	2013	2,934,094	1,027,793	6,036	51,705	186,908	430,436	1,050,270	5,687,242
	2012	2,465,544	727,000	3,514	-	162,343	308,876	743,578	4,410,855

Table 25

AUDITED REMUNERATION REPORT (CONTINUED)

(a) There were no other short term employee benefits, other pension or post employment benefits, other long term employee benefits, termination benefits or other share based payments paid to Directors during the year.

(b) Comprises shares arising on the exercise of performance rights and vesting of deferred shares during the year. Figures in this column are calculated by multiplying the number of share entitlements realised, by the share price prevailing on the date the entitlement is realised, notwithstanding that the underlying shares may not be beneficially held by the respective Director or Executive as the share may not have been withdrawn from the IRESS Limited Equity Plan Trust. The share price at vesting was $8.51 (May 2013), $8.70 (August 2013) and $10.25 (November 2013) (2012: $6.18 May 2012 and $7.64 November 2012).

(c) Actual remuneration for this analysis includes cash salary and fees, superannuation/pension, non-cash benefits received during the year and the full value of incentive payments vested during the financial year calculated as at the date of vesting.

(d) In recommending the CEO's STI cash incentive, in addition to the specific deliverables and objectives set at the beginning of the year, the Board had regard to the extraordinary contribution from the CEO in the successful acquisition of Avelo.

(e) Retired 3 May 2012.

(f) 2012 amounts reflect the total remuneration received by S Barnes since joining the company on 30 April 2012.

(g) The incentive figure is inclusive of a project incentive of $139,492 and $73,226 for S Bland and P Ferguson respectively associated with the acquisition of Avelo. Applicable superannuation contributions were made in relation to this project incentive.

(h) The underlying elements resulting in the increase in base remuneration are, impact of remuneration mix reweighting $73,742 per annum (offset by declines in indicative cash STI and LTI), an increase in line with CPI, and an increase reflecting the expanded size and scale of operations following the Avelo acquisition after having regard to levels comparable companies.

(i) 2013 amounts reflect the total remuneration received by J Milton since joining the Group from September 2013. The incentive paid in December reflects J Milton's performance over the nine months to 31 December 2013. Where appropriate, remuneration details have been converted to Australian dollars at the weighted average exchange rate.

(j) The underlying elements resulting in the increase in base remuneration are, impact of remuneration mix reweighting $53,396 per annum (offset by declines in indicative cash STI, LTI and D Walker's move to seven weeks annual leave per annum), an increase in line with CPI, and an increase reflecting the expanded size and scale of operations following the Avelo acquisition after having regard to levels for comparable companies.

AUDITED REMUNERATION REPORT (CONTINUED)

Statutory Remuneration

The following tables disclose the nature and amount of each major element of remuneration for each Director and Key Executive in accordance with statutory requirements and accounting standards:

		SHORT TERM EMPLOYMENT BENEFITS				POST EMPLOY-MENT (a)	SHARE BASED PAYMENTS						
		SALARY & FEES	INCENTIVE	NON-MONETARY	SECOND-MENT ALLOW-ANCE	SUPER ANNUATION	DEFERRED SHARES/SHARE RIGHTS	PERFORMANCE RIGHTS (b)	TOTAL REMUNERATION INCLUDING SHARE BASED PAYMENTS	% OF REMUNERATION CONSISTING OF SHARE BASED CONSIDERATION	VALUE OF SHARE BASED CONSIDERATION AWARDED DURING THE YEAR AT GRANT DATE	VALUE OF SHARE BASED CONSIDERATION EXERCISED DURING THE YEAR	VALUE OF SHARE BASED CONSIDERATION AT LAPSE DATE, WHERE LAPSED DURING THE YEAR
		$	$	$	$	$	$ (b)	$	$ (T)	% (c)	$ (d)	$ (e)	$
DIRECTORS													
EXECUTIVE DIRECTOR													
A Walsh (f)	2013	853,750	500,000	-	51,075	25,000	283,778	767,088	2,480,691	43	1,104,400	952,211	483,667
	2012	805,000	300,000	-		25,000	268,680	888,622	2,287,302	51	977,700	574,740	222,480
NON-EXECUTIVE DIRECTORS													

AUDITED REMUNERATION REPORT (CONTINUED)

		SHORT TERM EMPLOYMENT BENEFITS				POST EMPLOY-MENT (a)	SHARE BASED PAYMENTS						
		SALARY & FEES	INCENTIVE	NON-MONETARY	SECOND-MENT ALLOW-ANCE	SUPER ANNUATION	DEFERRED SHARES/SHARE RIGHTS	PERFORMANCE RIGHTS (b)	TOTAL REMUNERATION INCLUDING SHARE BASED PAYMENTS	% OF REMUNERATION CONSISTING OF SHARE BASED CONSIDERATION	VALUE OF SHARE BASED CONSIDERATION AWARDED DURING THE YEAR AT GRANT DATE	VALUE OF SHARE BASED CONSIDERATION EXERCISED DURING THE YEAR	VALUE OF SHARE BASED CONSIDERATION AT LAPSE DATE, WHERE LAPSED DURING THE YEAR
		$	$	$	$	$	$ (b)	$	$ (T)	% (c)	$ (d)	$ (e)	$
P Dunai	2013	162,500	-	-	-	14,844	-	-	177,344	-	-	-	-
	2012	150,000	-	-	-	13,500	-	-	163,500	-	-	-	-
J Seabrook	2013	96,561	-	-	-	8,826	-	-	105,387	-	-	-	-
	2012	84,748	-	-	-	7,627	-	-	92,375	-	-	-	-
J Cameron	2013	82,546	-	-	-	7,544	-	-	90,090	-	-	-	-
	2012	73,394	-	-	-	6,606	-	-	80,000	-	-	-	-
J Hayes	2013	96,561	-	-	-	8,826	-	-	105,387	-	-	-	-
	2012	84,748	-	-	-	7,627	-	-	92,375	-	-	-	-
A D'Aloisio	2013	82,546	-	-	-	7,544	-	-	90,090	-	-	-	-
	2012	42,813	-	-	-	3,853	-	-	46,666	-	-	-	-
FORMER DIRECTOR													
B Burdett (g)	2012	25,312	-	-	-	2,278	-	-	27,590	-	-	-	-
Total Non-Executive Directors remuneration	2013	520,714	-	-	-	47,584	-	-	568,298	-	-	-	-
	2012	461,015	-	-	-	41,491	-	-	502,506	-	-	-	-

AUDITED REMUNERATION REPORT (CONTINUED)

		SHORT TERM EMPLOYMENT BENEFITS				POST EMPLOY-MENT (a)	SHARE BASED PAYMENTS						
		SALARY & FEES	**INCENTIVE**	**NON-MONETARY**	**SECOND-MENT ALLOW-ANCE**	**SUPER ANNUATION**	**DEFERRED SHARES/SHARE RIGHTS**	**PERFORMANCE RIGHTS (b)**	**TOTAL REMUNERATION INCLUDING SHARE BASED PAYMENTS**	**% OF REMUNERATION CONSISTING OF SHARE BASED CONSIDERATION**	**VALUE OF SHARE BASED CONSIDERATION AWARDED DURING THE YEAR AT GRANT DATE**	**VALUE OF SHARE BASED CONSIDERATION EXERCISED DURING THE YEAR**	**VALUE OF SHARE BASED CONSIDERATION AT LAPSE DATE, WHERE LAPSED DURING THE YEAR**
		$	**$**	**$**	**$**	**$**	**$ (b)**	**$**	**$ (T)**	**% (c)**	**$ (d)**	**$ (e)**	**$**
Total Directors remuneration	2013	1,374,464	500,000	-	51,075	72,584	283,778	767,088	3,048,989	35	1,104,400	952,211	483,667
	2012	1,266,015	300,000	-	-	66,491	268,680	888,622	2,789,808	41	977,700	574,740	222,480
EXECUTIVES													
S Barnes (h)	2013	336,250	65,000	-	-	26,609	71,833	54,047	553,739	23	242,053	-	-
	2012	217,917	65,000	-	-	25,283	27,294	20,513	356,007	13	219,954	-	-
S Bland (i) (j)	2013	470,000	199,492	1,663	-	25,000	80,437	167,824	944,416	27	280,004	264,247	122,621
	2012	366,258	138,000	1,592	-	25,000	81,572	181,543	793,965	33	264,994	244,913	102,341
P Ferguson (i)	2013	250,000	123,227	928	-	32,214	49,253	34,128	489,750	17	195,013	-	-
	2012	240,000	62,000	330	-	20,569	17,368	13,051	353,318	9	139,955	-	-
J Milton (k)	2013	62,317	55,074	1,782	-	5,501	-	-	124,674	-	425,003	-	-
D Walker (l)	2013	441,063	85,000	1,663	-	25,000	85,357	178,885	816,968	33	300,005	264,247	122,621
	2012	375,354	162,000	1,592	-	25,000	84,234	186,688	834,868	31	289,946	232,801	93,442
Total Executive remuneration	2013	1,559,630	527,793	6,036	-	114,324	286,880	434,884	2,929,547	26	1,442,078	528,494	245,242
	2012	1,199,529	427,000	3,514	-	95,852	210,468	401,794	2,338,158	26	914,849	477,714	195,783

AUDITED REMUNERATION REPORT (CONTINUED)

		SHORT TERM EMPLOYMENT BENEFITS				POST EMPLOY-MENT (a)	SHARE BASED PAYMENTS						
		SALARY & FEES	INCENTIVE	NON-MONETARY	SECOND-MENT ALLOW-ANCE	SUPER ANNUATION	DEFERRED SHARES/SHARE RIGHTS	PERFORMANCE RIGHTS (b)	TOTAL REMUNERATION INCLUDING SHARE BASED PAYMENTS	% OF REMUNERATION CONSISTING OF SHARE BASED CONSIDERATION	VALUE OF SHARE BASED CONSIDERATION AWARDED DURING THE YEAR AT GRANT DATE	VALUE OF SHARE BASED CONSIDERATION EXERCISED DURING THE YEAR	VALUE OF SHARE BASED CONSIDERATION AT LAPSE DATE, WHERE LAPSED DURING THE YEAR
		$	$	$	$	$	$ (b)	$	$ (T)	% (c)	$ (d)	$ (e)	$
Total Directors and Executive remuneration	2013	2,934,094	1,027,793	6,036	51,075	186,908	570,658	1,201,972	5,978,536	31	2,546,478	1,480,705	728,909
	2012	2,465,544	727,000	3,514	-	162,343	479,148	1,290,416	5,127,966	35	1,892,549	1,052,454	418,263

Table 26

(a) There were no other short term employee benefits, other pension or post employment benefits, other long term employee benefits, termination benefits or other share based payments paid to Directors during the year.
(b) This expense is a function of both the value and duration of the instruments granted. The expense recognised in 2013 represents a combination of share grants made in 2013 and prior years.
(c) This figure is calculated on the value of share rights included in remuneration for the year ended 31 December as a percentage of the total value of all remuneration received in that same year.
(d) External valuation advice from PricewaterhouseCoopers Securities Limited has been used to determine the value of the performance rights. The valuation has been made using a Monte Carlo simulation option pricing model using standard option pricing inputs such as the underlying share price, exercise price, expected dividends, expected risk free interest rates and expected share price volatility. In addition, the likely achievement of performance hurdles of the share rights have been taken into account.
(e) Figures in this column are calculated by multiplying the number of share rights (from prior year grants) exercised by Directors and Executives during the year as well as any share rights which vested during the year by the share price prevailing on the date share rights were exercised, notwithstanding that the underlying shares may not be beneficially held by the respective Director or Executive as the shares may not have been withdrawn from the IRESS Limited Equity Plan Trust.
(f) In recommending the CEO's STI cash incentive, in addition to the specific deliverables and objectives set at the beginning of the year, the Board had regard to the extraordinary contribution from the CEO in the successful acquisition of Avelo.
(g) Retired 3 May 2012.
(h) This figure reflects the total remuneration received by S Barnes since joining the company on 30 April 2012.

AUDITED REMUNERATION REPORT (CONTINUED)

(i) The incentive figure is inclusive of a project incentive of $139,492 and $73,226 for S Bland and P Ferguson respectively associated with the acquisition of Avelo. Applicable superannuation contributions were made in relation to this project incentive.

(j) The underlying elements resulting in the increase in base remuneration are, impact of remuneration mix reweighting $73,742 per annum (offset by declines in indicative cash STI and LTI), an increase in line with CPI, and an increase reflecting the expanded size and scale of operations following the Avelo acquisition after having regard to levels for comparable companies.

(k) 2013 amounts reflect the total remuneration received by J Milton since joining the Group from September 2013. Where appropriate remuneration details have been converted to Australian dollars at the weighted average exchange rate. J Milton's series of share rights granted during the year has a measurement period that commences on 1 January 2014.

(l) The underlying elements resulting in the increase in base remuneration are, impact of remuneration mix reweighting $53,396 per annum (offset by declines in indicative cash STI, LTI and D Walker’s move to seven weeks annual leave per annum), and an increase in line with CPI, and an increase reflecting the expanded size and scale of operations following the Avelo acquisition after having regard to levels for comparable companies.

AUDITED REMUNERATION REPORT (CONTINUED)

OUTLINE OF EMPLOYMENT CONTRACTS FOR THE CEO AND KEY EXECUTIVES

Contractual terms for most Key Executives are similar but do vary on occasions. Details of the typical contractual terms for the Key Executives are as follows:

CRITERION	PARTICULARS
Length of contract	Open ended.
Notice period	Not less than 3 months.
Fixed remuneration	The fixed remuneration component consists of salary, statutory employer superannuation or retirement scheme contributions and benefits (primarily comprising company contribution to health insurance). Any fringe benefit tax liability in respect to benefits is borne by the employing entity. (a)
Incentive arrangements	Eligible to participate in the employing entity's cash based short term incentive arrangements. Eligible to participate in the Company's deferred short term incentive arrangements. Eligible to participate in the Company's long term incentive arrangements.
Resignation	An employee may resign by giving written notice of same for the period specified in the Notice Period of the contract. If resignation occurs during the year, then there is no entitlement to any incentives or long term incentives which have not vested, unless otherwise determined by the Board.
Retirement	There are no additional financial entitlements due from the employing entity on retirement. Directors do have a discretion to make ex-gratia payments, for example if retirement were to occur during the year, then Directors may elect to make a pro-rata award under any applicable incentive or incentive plan, based on performance up to the date of retirement.
Termination on notice by the employing entity	The employing entity may terminate the employment agreement by providing written notice of same for the period specified in the Notice Period of the contract, or payment in lieu of the notice period. If termination occurs during the year then a pro-rata award may be made for any applicable incentive or incentive plan, based on performance up to the date of termination.
Redundancy	If the employing entity terminates employment for reasons of bona fide redundancy, a severance payment will be made. The quantum will be at the Board's discretion, taking account of such matters as statutory requirements, the Executive's contribution, position and length of service. If redundancy occurs during the year then a pro-rata award will be made for any applicable incentive or incentive plan, based on performance up to the date of termination.
Income protection insurance	The Company currently provides Income Protection Insurance where it is IRESS' local practice in that jurisdiction to make it available to staff generally.
Termination for serious misconduct	The employing entity may terminate the employment agreement at any time without notice and the Executive will only be entitled to accrued entitlements and vested share rights.

AUDITED REMUNERATION REPORT (CONTINUED)

OUTLINE OF EMPLOYMENT CONTRACTS FOR THE CEO AND KEY EXECUTIVES (CONTINUED)

Table 27

(a) In November 2011, S Bland moved to six weeks annual leave entitlement. In January 2013, D Walker moved to seven weeks annual leave entitlement. J Milton receives five weeks annual leave. Other Key Executives receive statutory leave entitlements.

Details of the contractual terms for the CEO are broadly the same as set out for the Executives in the above table. Key points of difference are as follows:

CRITERION	PARTICULARS
Position	Chief Executive Officer
Notice period	Not less than 6 months
Restraint	A restraint arrangement exists during A Walsh's employment for a period of six months post his employment.

In addition, during the year an addendum to A Walsh’s employment arrangement was put in place to support his short term secondment to the United Kingdom to facilitate the integration of the Avelo business into the broader operations of the Group. This arrangement assists A Walsh with the incremental costs incurred in a short term transfer of this type. The primary benefits relate to accommodation and education support. This addendum arrangement terminates on A Walsh’s permanent return to Australia.

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

P Dunai
Chairman
MELBOURNE

A Walsh
Chief Executive Officer and Managing Director
MELBOURNE

15 March 2014

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15 March 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 audit of the financial statements of IRESS Limited for the financial year ended 31 December 2013, 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 audit; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G J McLean
Partner
Chartered Accountant

Corporate Governance Statement

The Board of IRESS Limited is committed to the Principles of Good Corporate Governance & Best Practice Recommendations issued by the ASX Corporate Governance Council. In those few cases where the Board has exercised its discretion to adopt a different approach, it does so because it believes this is in the best interests of shareholders, as explained in the material set forth below.

PRINCIPLE	DESCRIPTION	CORPORATE GOVERNANCE STATEMENT REFERENCE	STATUS
Principle 1	**Lay solid foundations for management and oversight** Companies should establish and disclose the roles and responsibilities of board and management.		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	1 Board Charter	Comply
1.2	Companies should disclose the process for evaluating the performance of senior executives.	1.2	Comply
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	4, 5 & Directors' Biographies & Directors' Report	Comply
Principle 2	**Structure the board to add value** Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.		
2.1	A majority of the board should be independent Directors.	4.3	Comply
2.2	The chair should be an independent Director.	4.3	Comply
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	4.3	Comply
2.4	The board should establish a nomination committee.	9.1, Nomination & Remuneration Committee Charter	Comply
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual Directors.	11.1	Comply
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	4.1, 4.2, 4.3& Directors’ Biographies & Directors’ Report	Comply

PRINCIPLE	DESCRIPTION	CORPORATE GOVERNANCE STATEMENT REFERENCE	STATUS
Principle 3	**Promote ethical and responsible decision-making** Companies should actively promote ethical and responsible decision-making.		
3.1	Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties. • the practices necessary to maintain confidence in the company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	2	Comply
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy.	2.5, 2.6	Comply
	The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.		Not comply
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	2.5, 2.6, 2.7	Not comply
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	2.7	Comply
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	2, 13	Comply
Principle 4	**Safeguard integrity in financial reporting** Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.		
4.1	The board should establish an audit committee.	10	Comply
4.2	The audit committee should be structured so that it: • consists only of Non-Executive Directors; • consists of a majority of independent Directors; • is chaired by an independent chair, who is not chair of the board; • has at least three members.	10.1, Audit Committee Charter	Comply
4.3	The audit committee should have a formal charter.	9.1	Comply
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	10 & Directors' Biographies & Directors' Report	Comply

PRINCIPLE	DESCRIPTION	CORPORATE GOVERNANCE STATEMENT REFERENCE	STATUS
Principle 5	**Make timely and balanced disclosure** Companies should promote timely and balanced disclosure of all material matters concerning the company.		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	12	Comply
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	12	Comply
Principle 6	**Respect the rights of shareholders** Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	12.2, 12.3	Comply
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	12, 14	Comply
Principle 7	**Recognise and manage risk** Companies should establish a sound system of risk oversight and management and internal control.		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	3.2	Comply
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	3.3, 3.4, 3.5	Comply
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	3.6	Comply
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	3	Comply

PRINCIPLE	DESCRIPTION	CORPORATE GOVERNANCE STATEMENT REFERENCE	STATUS
Principle 8	**Remunerate fairly and responsibly** Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.		
8.1	The board should establish a remuneration committee.	9.1, 11, Nomination and Remuneration Committee Charter	Comply
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent Directors; • is chaired by an independent Director; and • has at least three members.	10.1, Audit Committee Charter	Comply
8.3	Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of executive Directors and senior executives.	7, Directors' Report	Comply
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	7, 9, 11 & Directors' Report	Comply

INTRODUCTION

IRESS' Board works under a set of well-established corporate governance policies that reinforce the responsibilities of all Directors in accordance with the requirements of the Corporations Act 2001 and the Australian Securities Exchange (ASX). In addition, many of the governance elements are enshrined in the Company's Constitution. In addition, the Board operates in accordance with a Board Charter, which is intended to supplement the description of the Board's responsibilities as set forth in the Constitution.

The Company's policies and corporate governance practices are reviewed annually and will continue to be developed and refined to meet the needs of the Company and best practice.

This Corporate Governance Statement outlines the key aspects and mechanisms of IRESS' governance framework, which have been established, and kept under review, by the Board. Copies of or summaries of the charters under which the Board and Board committees operate and other relevant information referred to in this Corporate Governance Statement are available on IRESS' website http://www.iress.com.

1 BOARD RESPONSIBILITIES

1.1 The Board has ultimate responsibility to set strategy and policy for the business and affairs of the Company and its subsidiaries for the benefit of the shareholders after having considered regulatory matters and other ethical expectations and obligations. The Board is accountable to shareholders for the performance of the Group.

1.2 The Board's responsibilities and functions include, to:

- review and approve corporate strategies, budgets, plans and policies developed by Management and evaluate performance of the Group against those strategies and business plans in order to:
  - monitor the performance of functions delegated to the Executive team including the progress of major capital expenditure, capital management, acquisitions, divestitures and strategic commitments; and
  - assess the suitability of the Company's overall strategies, business plans and resource allocation;
- appoint a Managing Director for the ongoing management of the business and execution of its strategies;
- regularly evaluate the performance of the Managing Director and Senior Management and ensure appropriate Executive succession planning is conducted;
- monitor financial and business results (including the audit process) to understand at all times the financial position of the Group;
- ensure regulatory compliance and maintain adequate risk management processes;
- report to shareholders; and
- implement a culture of compliance with the highest legal and ethical standards and business practices.

1.3 In carrying out its duties, the Board meets regularly to discuss matters relevant to the Company, with additional meetings held as required to address specific issues.

1.4 The Board delegates management of the Company's resources to the Executive team under the leadership of the Managing Director. Any powers not specifically reserved for the Board are deemed to have been delegated to the Executive team.

2 ETHICAL STANDARDS AND DIVERSITY

2.1 The Company is committed to upholding high legal, moral and ethical standards in all of its corporate activities and has adopted a Code of Ethics, which aims to strengthen its ethical climate and provide basic guidelines for situations in which ethical issues arise. The Code of Ethics applies to Directors, Executives, Management and employees, and sets standards for ethical behaviour and business practice beyond complying with the law, and is based on the key principles whereby the Company:

- strives to do business with customers and suppliers of sound business character and reputation;
- strives to maintain the highest standard of ethical behaviour in business dealings and to behave with integrity in all dealings with customers, shareholders, government, employees, suppliers and the community;
- does not knowingly support any public or private organisation which espouses discriminatory policies or practices; and
- expects all employees to perform their duties with honesty, truthfulness and integrity.

2.2 It is the policy of the Company to comply with the letter and spirit of all applicable laws, including those relating to employment, discrimination, health, safety, trade practices and securities. The Company has also developed procedures to ensure that employees are aware of and discharge their obligations under relevant privacy laws in their handling of information provided to the Group.

2.3 No Director, Executive, Officer or manager of the Company has authority to violate any law or to direct another employee or any other person to violate any law on behalf of the Company.

2.4 The Company's ethical practices and procedures are reviewed regularly, and processes are in place to promote and communicate these policies within the Company.

2.5 The Board notes that the ASX Corporate Governance Council's recommendations include a recommendation that the Company should adopt a formal policy in relation to diversity.

2.6 The Company has a broad and diverse employee base across several international jurisdictions. The Board monitors diversity and has adopted a formal diversity policy, available on IRESS' website http://www.iress.com. The Board has not included in that policy a requirement that the Board establish measurable objectives for achieving gender diversity. The monitoring undertaken by the Board entails considering diversity under a broad definition, including gender diversity, across the Group not only at the Board and Executive levels, but also across the general staff base. The Board continues to observe no indicators of bias, or impediments to diversity and believes the Company's diversity ratios reflect well on the Group

2.7 As at 31 December 2013 approximately 30% of the aggregate employment base of the Company were women, and comprised 1 Director (out of a total of 6), 4 Executives (out of a total of 16) and 409 staff (out of a total of 1,357). The Board believes that these statistics suggest that its approach of informally monitoring gender diversity has produced satisfactory results.

3 RISK MANAGEMENT

3.1 All business activities contain an element of risk. IRESS' philosophy toward risk is to identify the risks in advance, determine potential risk mitigation strategies, assess the risk in terms of the risk/reward equation and then determine how to proceed. Calculated risk taking is viewed as an essential part of the IRESS' approach to creating long term shareholder value.

3 RISK MANAGEMENT (CONTINUED)

3.2 For the purposes of assisting investors to better understand the nature of the risks faced by the Company, the Board has prepared a list of operational risks as part of the Principle 7 disclosures. However the Board notes that this does not necessarily represent an exhaustive list and that it may be subject to change based on underlying market events.

The key areas of risk faced by IRESS include operational risk – relating to internal processes or external events, contractual risk – relating to performance requirements in our contractual engagements, key staff risk, competitor risk and financial/economic risk including debt and foreign exchange risk arising in the context of financing arrangements for the acquisition of Avelo. Several of these risks are inherent in the nature of the business and are managed operationally on a day-to-day basis. Appropriate policies and procedures are in place to oversee and manage these risks and are periodically reviewed by management and the results communicated to the Board.

3.3 The Board is responsible for approving the Company's risk management strategy and policies including the overall internal control framework. In considering the internal control framework the Board considers no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an approach that can be described under the following five headings.

- Financial reporting – there is a comprehensive budgeting system with an annual budget approved by the Directors. Monthly actual results are reported against budget or an alternative benchmark (where considered appropriate) and revised internal forecasts for the year are prepared regularly. Procedures are also in place to ensure that disclosure obligations are reviewed and information is reported to the ASX in accordance with Continuous Disclosure Requirements.
- Quality and integrity of personnel – the Company's human resource related policies and procedures are directed towards achieving the highest levels of service and integrity.
- External advice – the Company engages external experts, particularly in the areas of legal, tax and valuation matters to support management in performing their duties.
- Operating controls – procedures including information systems controls are appropriately documented. Exception and corrective action reports highlight any departures from these procedures.
- Functional specialty reporting – at various times (for example pre and/or post an acquisition), the Board may request additional ad-hoc information to address a particular area of concern or risk.

3.4 The tasks of undertaking and assessing risk management and internal control effectiveness are delegated to management through the Managing Director, the CFO and the Group General Counsel, including responsibility for the day to day design and implementation of the Company's risk management and internal control system. Management reports to the Board on the Company's key risks and the extent to which it believes these risks are being adequately managed. The reporting on risk by management is a periodic agenda item at Board meetings.

3.5 In accordance with section 295A of the Corporations Act, the Managing Director and CFO have provided a written statement to the Board that:

- compliance and control which implements the financial policies adopted by the Board;
- the Company's risk management and internal compliance and control system is operating effectively in all material respects.

Internal control assurance letters are completed by the Key Management Personnel of all significant business units, as well as by finance managers, in support of these written statements.

3.6 The Board notes that due to its nature, internal control assurance from the Managing Director and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

4 BOARD COMPOSITION

4.1 The Board's policy is that there should be a majority of independent, Non–Executive Directors to ensure that Board discussions or decisions have the benefit of predominantly outside views and experience and that the majority of Directors are free from interests and influences that may create a conflict with their duty to the Company. Maintaining a balance of experience and skills is an important factor in Board composition. Details of each Director are set out on page 7 to 9.

4.2 The Board has adopted the definition of independence set out in the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council in August 2007. The Board has developed guidelines to determine materiality thresholds for the purposes of that definition. Broadly speaking, these guidelines seek to determine whether the Director is generally free of any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

4.3 The Company currently has six Directors, one of whom is an Executive Director (the Managing Director). The remaining five Directors are Non-Executive. Until mid-2013 the Chair did not meet the relevant criterion for independence, namely there had not been a period of at least three years between ceasing his employment with the Company as Managing Director and serving on the Board. That status was reviewed by the Board at its October 2013 meeting and the Chair was found to meet the test. Accordingly, all Non-Executive Directors are 'independent'.

4.4 J Seabrook continues to hold the position of Lead Independent Director.

4.5 In the opinion of the Board, the present composition fairly represents the interests of all shareholders in the Company.

5 BOARD ACCESS TO INFORMATION AND INDEPENDENT ADVICE

5.1 All Directors have unrestricted access to all employees of the Group and, subject to the law, access to all Company records and information held by group employees and external advisers. The Board receives regular detailed financial and operational reports from senior Management.

5.2 Any Director can seek independent professional advice at the Company's expense in the furtherance of his or her duties, subject to prior discussion with the Chairman. If this occurs, the Chairman must notify the other Directors of the approach, with any resulting advice received to be generally circulated to all Directors.

6 APPOINTMENT TERM AND OTHER DIRECTORSHIPS

6.1 In accordance with the Company's constitution, all Directors other than the Managing Director are required to seek re–election at least once every three years on a rotating basis.

6.2 In order to ensure that composition of the Board will change over time, the Board has a general policy that Non–Executive Directors should not serve for a period exceeding 12 years, and that the Chairman should not serve in that role for more than 10 years.

6.3 Directors are required continually to evaluate the number of Boards on which they serve to ensure that each can be given the time and attention required to fulfil their duties and responsibilities. Directors are required to seek approval from the Chairman prior to accepting an invitation to become a Director of any corporation.

7 REMUNERATION

7.1 Non–Executive Directors are paid an annual fee within a fixed amount approved for all Non–Executive Directors by shareholders. The total aggregate annual amount approved for the Company is currently $900,000 per annum, which was set in 2013.

7.2 The Company does not pay retirement benefits to Directors.

7 REMUNERATION (CONTINUED)

7.3 For information relating to the Group's remuneration practices, and details relating to Directors' and Executives' remuneration during the financial year, see the Audited Remuneration Report which starts on page 28, and is incorporated into this corporate governance statement by reference.

7.4 Other than as reported on page 46, no additional fees were paid to Directors for serving on sub–committees during the period. As members of Management, Executive Directors, when appointed, do not receive any additional Directors' fee.

7.5 The fees paid to Directors take into account what is paid by comparable companies and what is necessary to attract high–calibre people to consider Board appointment. In line with general industry practice, the Board reviews its remuneration strategies in relation to Non–Executive Directors from time to time.

7.6 Further details regarding the remuneration paid to Directors and Key Executives of the Company and the group are set out in the Directors' Report on pages 28 to 58.

7.7 Subject to the restriction that persons may not deal in any securities when they are in possession of price–sensitive information, Directors and employees generally may only buy or sell the Company's shares in the periods immediately following the release of the Company's half–year and full year results and Annual General Meeting. At all times, Directors dealing in the Company's shares must obtain prior approval from the Chairman.

7.8 The relevant interests of each Director in the share capital of the Company at the date of this report, as notified to the ASX pursuant to the Listing Rules and section 205G of the Corporations Act 2001, are set out on page 47 in the Directors' Report.

8 CONFLICT OF INTEREST AND LEAD INDEPENDENT DIRECTOR

8.1 In order to ensure that any interests of a Director in a particular matter to be considered by the Board are brought to the attention of all the Directors, the Company has developed protocols consistent with obligations imposed by the Corporations Act 2001 and the Listing Rules, to require each Director to disclose any contracts, offices held, interests in transactions and other Directorships which may involve any potential conflict. Appropriate procedures have been adopted to ensure that, where the possibility of a material conflict arises, relevant information is not provided to the Director, and the Director does not participate in discussion on the particular issue, or vote in respect of the matter at the meeting where the matter is considered.

8.2 Concurrent with P Dunai assuming the role of Chairman, J Seabrook assumed the role of Lead Independent Director. This appointment became effective on 5 May 2010.

8.3 The role of the Lead Independent Director is to provide a point of reference and coordination where there is, or it is perceived there may be, a conflict for the Chair.

9 BOARD COMMITTEES

9.1 The Board has two standing committees, namely an Audit Committee and a Nomination and Remuneration Committee. The Company has adopted an Audit Committee Charter and a Nomination and Remuneration Charter to define the tasks and responsibilities delegated to these committees.

9.2 The Board periodically reviews the Audit Committee and Nomination and Remuneration Committee Charters.

9.3 The Board also delegates specific functions to ad hoc committees of Directors on an 'as needs' basis. The powers delegated to these committees are set out in Board resolutions. Executives attend Board and committee meetings by invitation, whenever particular matters arise that require Management presentations or participation.

10 ACCOUNTABILITY AND AUDIT

10.1 The members of the Audit Committee during the year were all Non–Executive Directors and comprised:

- J Hayes (Chair);
- J Seabrook; and
- A D'Aloisio.

10.2 Members of the Audit Committee are financially literate and the Board is of the opinion that the members of the committee possess sufficient financial expertise and knowledge of the industry in which the Company operates. Details of the qualifications of the Audit Committee members are included in the Directors' Report on pages 7 to 9.

10.3 The Audit Committee reviews the financial statements, adequacy of financial controls and the annual external audit arrangements. It monitors the controls and financial reporting systems, applicable Company policies, national and international accounting standards and other regulatory or statutory requirements.

10.4 The Committee also liaises with the Company's external auditors, reviews the scope of their activities, their remuneration and independence, and advises the Board on their appointment and removal. It is Board policy that the lead external audit partner and review partner are each rotated periodically.

10.5 The Chief Financial Officer, other relevant Company Officers (as required) and the lead external audit partner participate at meetings of the Audit Committee.

10.6 The Board has adopted a policy that the Company's external auditor shall not provide non–audit services that may detract from the external auditor's independence and impartiality or be perceived as doing so. Any other services provided by the external auditor are reviewed on a case by case basis and must be approved by the Audit Committee in advance.

11 NOMINATION AND REMUNERATION

11.1 The Nomination and Remuneration Charter provides for periodic review of the structure and performance of the Board, Board committees and individual Directors and a framework for changes when necessary. This includes identifying suitable candidates for appointment as Non–Executive Directors. The Charter also addresses matters such as succession and Executive compensation policy, including short and long–term incentive plans and the Company's recruitment, retention and termination policies.

11.2 The Charter provides for Directors to access the services of independent professional advisers to assist in the search for high–calibre people at all levels and ensure that the terms and conditions offered by the Company are competitive with those offered by comparable companies.

11.3 The members of the Nomination and Remuneration Committee are:

- J Seabrook (Chair);
- P Dunai; and
- J Cameron.

12 CONTINUOUS DISCLOSURE

12.1 The Board has a disclosure policy and procedures in place which are designed to ensure that information reported to the ASX is in accordance with the continuous disclosure requirements of its Listing Rules. The Board regularly reviews the Company's compliance with its continuous disclosure obligations. Such a review was undertaken in May 2013 and an amended disclosure and communication policy was adopted at the Board's May 2013 meeting. The Company Secretary is responsible for coordinating disclosure of information to the ASX, the Australian Securities and Investments Commission and shareholders.

12 CONTINUOUS DISCLOSURE (CONTINUED)

12.2 In addition to the Company's obligations to disclose information to the ASX and to distribute information to shareholders, the Company publishes annual and half–year reports, media releases, and other relevant publications on its website, at www.iress.com

12.3 The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and discussion of the Group's strategy and goals. The Company invites the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

13 SECURITIES DEALINGS

13.1 The Board's policy concerning trading in Company securities precludes Directors, Executives and employees from dealing in the Company's securities except during three defined approved trading windows. Dealing in shares outside these periods is prohibited without prior approval from the Board, the Managing Director or the Company Secretary. In the case of Directors, prior approval from the Chairman is required for all dealings in the Company's securities.

The approved trading windows are for the four weeks after:

- one day following the announcement of the half-year and full year results (as the case may be); and
- one day following the holding of the Annual General Meeting.

13.2 All Directors, Executives and employees are prohibited from trading the Company's securities at any time if they possess price-sensitive information not available to the market and which could reasonably be expected to influence the market. At no time may Directors, Executives and employees engage in short term dealings in the Company's shares.

13.3 Hedging of unvested share rights is also prohibited. The Board's view is that any share-right participant who enters into such schemes on the unvested component of their rights would be in breach of the terms and conditions of the grant, and the Board would exercise its right to cancel any of these hedged share rights.

13.4 As required by the ASX listing rules, the Company notifies the ASX of any transaction conducted by Directors in the securities of the Company.

13.5 The Company announced has a Securities Trading Policy applying to Key Management Personnel. This policy is broadly consistent with the internal policies on dealing in the Company's securities, albeit with some incremental restrictions and obligations on the non-Director members in this group.

14 ADDITIONAL CORPORATE GOVERNANCE INFORMATION

14.1 The corporate governance section of the Company's website contains various materials relating to corporate governance, including the Board Charter, Sub-committee Charters, Code of Ethics, Lead Independent Director Charter, Securities Trading Policy applying to Key Management Personnel and other information.

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Independent Auditor's Report
to the Members of IRESS Limited

We have audited the accompanying financial report of IRESS Limited, which comprises the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 74 to 156.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements , that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the consolidated financial statements and notes comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Deloitte.

Auditor's Independence Declaration

In conducting our audit, 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 at the time of this auditor's report.

Auditor's Opinion on the Financial Report

In our opinion:

(a) the financial report of IRESS Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of it's performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 58 of the Directors' Report for the year ended 31 December 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of IRESS Limited for the year ended 31 December 2013 complies with section 300A of *the Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G J McLean
Partner
Chartered Accountant

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 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.

(c) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in Note 1 of the financial statements; and

(d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

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

On behalf of the Directors

A Walsh
Chief Executive Officer and Managing Director
MELBOURNE

15 March 2014

Consolidated statement of comprehensive income
For the year ended 31 December 2013

	Notes	Consolidated 2013 $'000	2012 $'000
Revenue from ordinary activities	2	**251,132**	207,341
Customer data fees		**(23,005)**	(22,129)
Communication and other technology expenses		**(11,808)**	(11,228)
Employee benefits expense	3	**(115,689)**	(83,193)
Employee administration expenses	4	**(6,367)**	(3,807)
Other expenses including general administration expenses		**(11,556)**	(7,263)
Facilities rent		**(5,297)**	(3,444)
Bad and doubtful debts		**(53)**	(511)
Business acquisition expenses	5	**(9,846)**	-
Business restructure expenses	5	**(4,541)**	(123)
Unrealised foreign exchange gain/(loss)	2	**10,790**	(783)
Profit before depreciation, amortisation, interest and income tax expense		**73,760**	74,860
Depreciation and amortisation expense	2	**(19,587)**	(19,018)
Profit before interest and income tax expense		**54,173**	55,842
Interest revenue		**1,847**	1,263
Interest expense		**(8,919)**	(263)
Financing expense		**(10,636)**	-
Net interest and financing costs	2	**(17,708)**	1,000
Profit before income tax		**36,465**	56,842
Income tax expense	6	**(12,224)**	(17,614)
Profit after income tax		**24,241**	39,228
Other comprehensive income			
Items that may be recycled to profit or loss			
Exchange differences on translation of foreign operations	21	**17,202**	(846)
Other comprehensive income for the year, net of tax		**17,202**	(846)
Total comprehensive income for the year		**41,443**	38,382
		Cents	Cents
Earnings per share			
Basic earnings per share	7	**17.278**	30.646
Diluted earnings per share	7	**17.034**	30.402

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	Consolidated 2013 $'000	2012 $'000
CURRENT ASSETS			
Cash and cash equivalents		**71,405**	55,967
Trade and other receivables	8	**25,684**	12,131
Other receivables	8	**11,154**	2,313
Current tax receivables	6	**174**	1,531
Other current assets		**56**	-
Total current assets		**108,473**	71,942
NON-CURRENT ASSETS			
Plant and equipment	9	**9,698**	7,768
Computer software	10	**30,258**	24,993
Goodwill	11	**391,524**	39,383
Intangibles	12	**18,406**	3,081
Deferred tax assets	6, 13	**26,579**	9,954
Other financial assets	14	**37**	42
Total non-current assets		**476,502**	85,221
Total assets		**584,975**	157,163
CURRENT LIABILITIES			
Trade and other payables	15	**21,108**	8,309
Other payables	15	**17,451**	6,075
Current tax payables	6, 16	**3,902**	3,503
Provisions	17	**10,173**	4,581
Total current liabilities		**52,634**	22,468
NON-CURRENT LIABILITIES			
Borrowings	18	**177,326**	-
Derivative liabilities	18	**10,636**	-
Provisions	19	**5,790**	5,837
Deferred tax liabilities	6	**11,820**	2,020
Total non-current liabilities		**205,572**	7,857
Total liabilities		**258,206**	30,325
Net assets		**326,769**	126,838
EQUITY			
Issued capital	20	**275,315**	75,898
Other reserves	21	**60,871**	36,314
Retained earnings / (accumulated losses)	22	**(9,417)**	14,626
Total equity		**326,769**	126,838

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

		Issued Capital $'000	Retained earnings $'000	Share-based payments reserve $'000	Foreign currency translation reserve $'000	Hedge reserve $'000	Total $'000
Balance at 1 January 2013		75,898	14,626	47,220	(10,906)	-	126,838
Profit for the year		-	24,241	-	-	-	24,241
Increase/(decrease) in translation reserve arising on translation of foreign operations	21	-	-	-	17,202	-	17,202
Other comprehensive income	21	-	-	-	-	(4,757)	(4,757)
Transferred to goodwill on close out of deal contingent foreign currency forward (a)		-	-	-	-	4,757	4,757
Total comprehensive income for the year		**-**	**24,241**	**-**	**17,202**	**-**	**41,443**
Transactions with owners in their capacity as owners:							
Dividends provided for or paid	24	-	(49,001)	-	-	-	(49,001)
Transfers		-	717	(717)	-	-	-
Issue of shares from the IRESS General Employee Share Plan		161	-	-	-	-	161
Issue of shares from an accelerated renounceable entitlement offer		205,965	-	-	-	-	205,965
Cost associated with share issue		(7,623)	-	-	-	-	(7,623)
Deferred tax asset recognised in equity (b)		914	-	-	-	-	914
Cost of share-based payments	3	-	-	8,072	-	-	8,072
		199,417	(48,284)	7,355	-	-	158,488
Balance at 31 December 2013		**275,315**	**(9,417)**	**54,575**	**6,296**	**-**	**326,769**

(a) Hedge reserve relates to the cash flow hedge entered into to hedge the purchase price of Avelo.
(b) This is the tax effect of the costs associated with the AREO, 50% of which is tax deductible over five years.

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

		CONSOLIDATED					
Consolidated	Notes	**Issued Capital $'000**	**Retained earnings $'000**	**Share-based payments reserve $'000**	**Foreign currency translation reserve $'000**	**Hedge reserve $'000**	**Total $'000**
Balance at 1 January 2012		75,898	22,830	39,184	(10,060)	-	127,852
Profit for the year		-	39,228	-	-	-	39,228
Increase/(decrease) in translation reserve arising on translation of foreign operations	21	-	-	-	(846)	-	(846)
Total comprehensive income for the year		**-**	**39,228**	**-**	**(846)**	**-**	**38,382**
Transactions with owners in their capacity as owners:							
Dividends provided for or paid	24	-	(47,851)	-	-	-	(47,851)
Transfers		-	419	(419)	-	-	-
Cost of share-based payments	3	-	-	8,455	-	-	8,455
		-	(47,432)	8,036	-	-	(39,396)
Balance at 31 December 2012		**75,898**	**14,626**	**47,220**	**(10,906)**	**-**	**126,838**

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

	Notes	Consolidated 2013 $'000	Consolidated 2012 $'000
Cash flows from operating activities			
Receipts from customers		**273,253**	226,497
Payments to suppliers		**(75,120)**	(66,974)
Payments to employees		**(118,475)**	(77,640)
Interest and bill discounts received		**292**	1,363
Interest paid		**(3,131)**	(91)
Income taxes paid		**(15,624)**	(21,688)
Net cash inflow from operating activities	25	**61,195**	61,467
Cash flows from investing activities			
Payments for acquisition of subsidiary, net of cash acquired	30	**(102,362)**	-
Payments for acquisition - pre-acquisition loan advanced	30	**(252,050)**	-
Acquisition and integration costs		**(23,290)**	-
Payments for plant and equipment		**(8,730)**	(5,857)
Proceeds from sale of property, plant and equipment		**-**	2
Deferred payment for acquisition of subsidiaries		**-**	(320)
Proceeds from investment in listed companies		**5**	4
Net cash (outflow) from investing activities		**(386,427)**	(6,171)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**206,126**	-
Proceeds from borrowings	18	**370,495**	-
Repayment of borrowings	18	**(190,000)**	-
Dividends paid	24	**(48,876)**	(47,774)
Net cash inflow / (outflow) from financing activities		**337,745**	(47,774)
Net increase in cash and cash equivalents		**12,513**	7,522
Cash and cash equivalents at the beginning of the financial year		**55,967**	48,925
Effects of exchange rate changes on cash and cash equivalents		**2,925**	(480)
Cash and cash equivalents at end of year		**71,405**	55,967

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

STATEMENT OF COMPLIANCE

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards (‘Australian Accounting Standards). Compliance with the Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (‘IFRS’).

The Group is a for-profit entity and is involved in the provision of information, trading, compliance, order management, portfolio and financial planning systems and related tools.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of IRESS Limited and its subsidiaries.

The financial statements were authorised for issue by the Directors on 15 March 2014.

BASIS OF PREPARATION

The 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.

In the application of Australian Accounting Standards, Management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by Management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in Note 1 of the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(a) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, cash in banks and short term, highly liquid investments in money market instruments that are readily convertible to known amounts of cash. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(b) EMPLOYEE BENEFITS

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

Provisions made in respect of employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Contributions to defined contribution superannuation plans are expensed when incurred.

(c) FINANCIAL ASSETS

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in subsidiaries are measured at cost unless impaired.

(i) Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(d) FOREIGN CURRENCY TRANSLATION

(i) Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except that exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve in the consolidated financial statements and recognised in profit or loss on disposal of the net investment.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) FOREIGN CURRENCY TRANSLATION (CONTINUED)

(ii) Foreign operations

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to Australian Accounting Standards are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date.

(e) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (‘GST’), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) GOODWILL

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group’s interest in the fair value of the acquiree’s identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group’s cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) INCOME TAX

(i) Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

(ii) Deferred tax

Deferred tax is accounted for using the comprehensive statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) that affects neither taxable income nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

(iii) Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(iv) Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian Taxation Law. IRESS Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the ‘stand alone taxpayer’ approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) INCOME TAX (CONTINUED)

Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in Note 6 to the financial statements. Where the tax contribution amount recognised by each member of the tax consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(h) INTANGIBLE ASSETS

(i) Intangible assets acquired in a business combination

All potential intangible assets, including Computer Software, acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

Amortisation is provided on identifiable intangibles and is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value.

The following estimated useful lives are used in the calculation of amortisation of identifiable intangibles.

- Computer software — 1 year to 5 years
- Enterprise computer software — up to 8 years
- Customer list — 2 years to 3 years
- Capitalised customer relationships — up to 8 years

The longer useful lives for Enterprise computer software and capitalised customer relationships recognise the requirement to assign probabilities to renewal of existing contractual relationships.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred to the extent they do not relate to raising debt or equity.

Acquisition costs relating to the establishment of debt facilities are capitalised as part of the debt instrument and amortised over the life of the facility. Acquisition 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.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments.

All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) BUSINESS COMBINATIONS (CONTINUED)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 "Business Combinations" are recognised at their fair value at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

AASB 3 "Business Combinations" does not apply to a business combination of entities under common control. A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party both before and after the business combination, and that control is not transitory.

Business combinations under common control are accounted for in the financial statements of the acquiring entity prospectively from the date the acquiring entity obtains the ownership interest. At the date of transaction, the carrying value of assets and liabilities in the transferring entity's financial statements are recognised in the acquiring entity's financial statements. Any difference between the consideration paid and the carrying value is recognised directly in profit or loss in the separate financial statements of the entities involved. Any profits or losses recognised are eliminated in the consolidated financial report.

(j) IMPAIRMENT OF ASSETS

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) LEASES

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(l) PAYABLES

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

(m) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group being the company (the parent entity) and its subsidiaries as defined in AASB 127 'Consolidated and Separate Financial Statements'. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the Group are eliminated in full.

(n) PLANT AND EQUIPMENT

Plant and equipment and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment and is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

(i) Useful life

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

• Leasehold improvements	3 - 10 years
• Computer equipment	3 - 10 years
• Furniture and fittings	3 - 10 years
• Office equipment	3 - 10 years

(o) PROVISIONS

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

(i) Dividends

A provision is only recognised for dividends when they have been declared, determined or publicly recommended by the Directors.

(p) REVENUE RECOGNITION

(i) Rendering of services

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined by reference to the proportion of the term of the delivery of services that has expired.

(ii) Dividend and interest revenue

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(q) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred on the balance sheet until the draw down occurs.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) BORROWINGS (CONTINUED)

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(r) BORROWING COSTS

Borrowing costs not relating to the establishment of facilities are recognised in profit or loss in the period in which they are incurred. Borrowing costs relating to the establishment of facilities are capitalised as part of the debt instrument and amortised over the life of the facility.

(s) SHARE BASED PAYMENTS

Equity settled share based payments are measured at fair value at the date of grant. Fair value is measured using a Monte Carlo simulation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

The share based payments expense arising from the share rights plans (refer Notes 37 to 40) operated by IRESS, are considered equity settled share based payment transactions in which IRESS receives goods or services as consideration for equity instruments of IRESS.

(t) COMPUTER SOFTWARE DEVELOPMENT EXPENDITURE

Where the underlying intellectual property rights are owned by the Group, all expenses incurred on computer software development are expensed as incurred. Computer software acquired through an acquisition, or expenses incurred for licensed third party software are capitalised and amortised over the useful life or licence term as applicable.

(u) FINANCIAL INSTRUMENTS ISSUED

(i) Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(iii) Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) DERIVATIVES AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Movements in the hedging reserve in shareholder's equity arising on changes in fair value of deal contingent foreign currency are shown in Note 21. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within other income or other expenses.

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

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation or impairment in the case of fixed assets.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) DERIVATIVES AND HEDGING ACTIVITIES (CONTINUED)

(iii) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

(w) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

In the current year the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2013.

The adoption of all new and revised Standards and Interpretations did not affect the amounts reported for the current or prior periods. In addition, the new and revised Standards and Interpretations have not had a material impact and not resulted in change to the Group's presentation of or disclosure in these financial statements.

In the current year, the Group has applied AASB 119 (as revised in 2011) 'Employee Benefits' and the related consequential amendments for the first time. AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. Furthermore, AASB 119 (as revised in 2011) changes the accounting for short term employee benefits. This change has resulted in the way annual leave entitlements are measured, with all amounts expected to be settled over a period greater than 12 months from reporting date needing to be discounted back to present value with an allowance for further salary increases. While this change has impacted the measurement of annual leave entitlements, such entitlements continues to be classified in the Statement of Financial Performance as current liabilities. These changes have not had a material impact on the amounts recognised in the consolidated financial statements.

At the date of authorisation of the financial report, the following Standards and Interpretations were on issue but not yet effective:

AASB 9 "Financial Instruments" (December 2009), AASB 2009-11 "Amendments to Australian Accounting Standards arising from AASB 9" (December 2009)	Applies to annual reporting periods beginning on or after 1 January 2017
AASB 9 "Financial Instruments" (December 2010), AASB 2010-7 "Amendments to Australian Accounting Standards arising from AASB 9" (December 2010)	Applies on a modified retrospective basis to annual reporting periods beginning on or after 1 January 2017
AASB 1031 "Materiality" (2013)	Applies to annual reporting periods beginning on or after 1 January 2014
AASB 2011-4 "Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements"	Applies to annual reporting periods beginning on or after 1 July 2013
AASB 2011-6 "Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements"	Applies to annual reporting periods beginning on or after 1 July 2013

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 2012-3 "Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities"	Applies to annual reporting periods beginning on or after 1 January 2014
AASB 2012-6 “Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures”	Applies to annual reporting periods beginning on or after 1 January 2017
AASB 2012-11 "Amendments to Australian Accounting Standards - Reduced Disclosure Requirements and Other Amendments"	Applies to annual reporting periods beginning on or after 1 July 2013
AASB 2013-3 "Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets"	Applies to annual reporting periods beginning on or after 1 January 2014
AASB 2013-9 "Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments (Part B and Part C)"	Applies to annual reporting periods beginning on or after 1 January 2014
AASB 2013-9 "Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments"	Applies to annual reporting periods beginning on or after 1 January 2017

The Directors have assessed the impact of the adoption of these Standards and Interpretations in future periods on the financial statements of the Group. The Directors do not believe these Standards and Interpretations will have a material impact in future periods on the financial statements of the Group at this point in time.

The Group does not intend to adopt any of these pronouncements before their effective dates.

(x) USE OF ESTIMATES AND JUDGEMENTS

In the preparation of the financial statement, the Directors are required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial report are:

(i) Goodwill

When determining whether goodwill is impaired, it is necessary to estimate the value-in-use of the cash generating units to which goodwill has been allocated. The value-in-use calculation required the Company to estimate the future cash-flows expected to arise from the cash generating unit and a suitable discount rate to calculate present value. The Directors have assessed that no impairment of goodwill has occurred during the year.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Determination of acquisition costs treatment

Acquisition costs not related to raising debt or issuing equity are expensed in the period which the costs are incurred and the services received. Acquisition costs related to raising debt are capitalised as part of the debt instrument and amortised over the life of the facility. Acquisition costs related to issuing equity are deducted from the proceeds of equity raising.

Allocation of acquisition costs incurred for multiple purposes required the Company to estimate the proportion of costs relating to raising debt, issuing equity, or neither of these activities. Costs incurred for multiple purposes have been allocated on a percentage basis relative to the purpose of the cost incurred.

(iii) Amortisation of acquisition related borrowing costs

Judgement is required to determine the amortisation profile for acquisition costs related to raising debt which have been capitalised as part of the debt instrument. The percentage of total debt raised method has been used to allocate these costs to individual debt facilities. These costs are then amortised on a straight line basis over the life of the facility.

(iv) Fair value of assets acquired

The cost price for assets acquired is allocated to identifiable assets and liabilities at their estimated fair values at the time of acquisition. Any excess value beyond that allocated to assets and liabilities is recognised in the financial position as goodwill. To determine fair values on acquisition, estimates must be made. Commonly, an active market does not exist for assets and liabilities obtained through acquisitions and therefore alternative methods must be used to determine fair values. If fair value of assets acquired exceeds the consideration paid, the difference is recognised in the income statement. The allocation of the consideration to identifiable assets and liabilities is made on a provisional basis. The values allocated are reviewed based on improved knowledge of operations in subsequent period, but no later than the 12 months after the acquisition.

(v) Tax treatment assumptions

The Group is subject to income taxes in Australia and overseas jurisdictions. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made. In addition, deferred tax assets are recognised only to the extent it is probable that future taxable profits will be available against which the assets can be utilised. The Group's assumptions regarding future realisation may change due to future operating performance and other factors.

2 PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense includes the following items of revenue and expense.

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000
Revenue			
Sales revenue			
Rendering of services		**250,626**	206,742
Other revenue from ordinary activities		**506**	599
		251,132	207,341
Interest revenue			
Other interest revenue (a)		**1,847**	1,263
Total revenues from ordinary activities		**252,979**	208,604

(a) Interest earned from bank deposits and at call cash accounts

Expenses

	Note	2013 $'000	2012 $'000
Net transfers to bad and doubtful debts provisions arising from			
Other entities		**53**	511
Business acquisition and restructure expenses (a)		**14,387**	123
Depreciation of non-current assets			
Plant and equipment	9	**5,235**	4,272
Amortisation of non-current assets			
Software	10	**12,045**	13,223
Other intangibles	12	**2,307**	1,523
Rental expense relating to operating leases			
Minimum lease payments		**2,882**	4,169
Interest expense and financing costs			
Interest expense (b)		**8,919**	263
Financing expense (c)		**10,636**	-
Unrealised foreign exchange (gain)/loss		**(10,790)**	783
Sales of assets in the ordinary course of business have given rise to the following (profits) / losses			
Plant and equipment		**1**	(8)

(a) Further information on incremental specific costs relating to the acquisition of Avelo is provided in Note 5.

(b) Consists of:

2 PROFIT BEFORE INCOME TAX EXPENSE (CONTINUED)

	Consolidated	
	2013	2012
	$'000	$'000
Cost of cashflow hedge on purchase price of Avelo	**2,661**	-
Amortisation of costs relating to debt (including advisor fees)	**2,672**	-
Interest expense on facilities	**3,418**	91
Non-cash interest expense recognised on deferred consideration payable on the Peresys transaction	**168**	172
	8,919	263

(c) Financing expense comprises the fair value of two GBP 33.000m swap liabilities for 3 years and 5 years respectively (2012: nil). This expense is partially offset by the unrealised foreign exchange gain on the movement on the financing of Avelo.

3 EMPLOYEE BENEFIT EXPENSES

	Consolidated	
	2013	2012
	$'000	$'000
Employee benefit expenses can be broken down as follows:		
Total monetary based expense (a)	**107,617**	74,738
Share based payment expense (b)	**8,072**	8,455
Total employee benefit expense	**115,689**	83,193

(a) This amount includes Avelo bonus of $0.560m for the 9 months to 31 December 2013, the pro-rata portion of the anticipated full year bonus was accrued in the balance sheet acquired by the Group. While the Group has met the net cash outflow for bonuses relating to the period 1 April 2013 to 31 December 2013, Avelo had a 31 March year end and it only represented an economic cost to the Group for the period 1 September 2013 to 31 December 2013.

(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 2013 represents a combination of share grants awarded in 2013 and in prior years.

	Consolidated	
	2013	2012
	$'000	$'000
Total monetary based expense consists of		
Defined contribution plans	**6,383**	4,831
Termination benefits	**325**	396
Other employee benefits	**100,909**	69,511
Total monetary based expense	**107,617**	74,738

	Consolidated	
	2013	2012
	$'000	$'000
Share based payment expense consists of		
UK Establishment Share Grants (a)	**1,827**	1,657
All other share rights	**6,245**	6,798
Total share based payment expense	**8,072**	8,455

(a) 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.

3 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

	2013 No.	2012 No.
An analysis of full time equivalent staff as at year end is as follows:		
Australia and New Zealand	**457.8**	432.6
Canada	**52.8**	55.5
South Africa	**168.7**	166.5
Asia	**33.5**	36.1
United Kingdom (a)	**604.0**	13.4
Total full time equivalent staff	**1,316.8**	704.1

(a) Includes 583.5 full time equivalent staff joining the Group from September 2013 as a result of the acquisition of Avelo.

4 EMPLOYEE ADMINISTRATION EXPENSES

	Consolidated	
	2013 $'000	2012 $'000
Employee administration expenses can be broken down as follows:		
Travel and accommodation	**4,548**	2,834
Communication	**594**	559
Other	**1,225**	414
Total administration expense	**6,367**	3,807

5 BUSINESS ACQUISITION AND RESTRUCTURE EXPENSES

	Consolidated 2013 $'000	2012 $'000
Business acquisition and restructure expenses - Avelo	**13,690**	-
Business restructure expenses - other (a)	**697**	123
	14,387	123

(a) Includes expenses arising from the restructure of the businesses in Canada and South Africa.

	Consolidated 2013 $'000	2012 $'000
Business acquisition expenses relating to Avelo consists of		
Acquisition costs incurred in the current period	**9,846**	-
Costs associated with integration activities	**3,844**	-
	13,690	-

6 INCOME TAX

(a) INCOME TAX RECOGNISED IN PROFIT OR LOSS

	Consolidated 2013 $'000	2012 $'000
Tax expense comprises		
Current tax expense	**16,815**	19,869
Adjustments for current tax of prior periods	**(519)**	(461)
Effect of changes in tax rates and laws	**-**	320
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	**(4,372)**	(2,063)
Effect of different tax rates	**300**	(51)
	12,224	17,614

6 INCOME TAX (CONTINUED)

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

	Consolidated	
	2013	2012
	$'000	$'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	**36,465**	56,842
Tax at the Australian tax rate of 30.0% (2012 - 30.0%)	**10,940**	17,053
Non deductible expenses / non assessable income	**(20)**	810
	10,920	17,863
Deductible share based payment expenses not previously recognised		
Movements in issued / vested shares	**537**	255
Movements in cancelled share rights	**(378)**	(312)
Effect of different tax rates	**300**	(51)
Effect on deferred tax balances due to the change in income tax rate from 28.5% to 26.5% on our Canadian operation	**-**	320
Tax effect of Deferred Tax Assets not recognised	**1,364**	-
(Over)/under provision of income tax in previous year	**(519)**	(461)
Income tax expense	**12,224**	17,614

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.

(c) INCOME TAX RECOGNISED DIRECTLY IN EQUITY

	Consolidated	
	2013	2012
	$'000	$'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Net deferred tax - debited directly to equity	**914**	-
Total income tax recognised directly in equity	**914**	-

6 INCOME TAX (CONTINUED)

(d) CURRENT TAX ASSETS AND LIABILITIES

(i) Current tax assets

	Consolidated	
	2013	2012
	$'000	$'000
Income tax receivable attributable to		
Entities in the tax-consolidated group	**-**	1,493
Other entities not part of the Australian tax-consolidated group	**174**	38
	174	1,531

(ii) Current tax payables

	Consolidated	
	2013	2012
	$'000	$'000
Income tax payable attributable to		
Parent entity	**(1,233)**	(1,461)
Other entities	**(2,669)**	(2,042)
	(3,902)	(3,503)

(e) DEFERRED TAX BALANCES

	Consolidated	
	2013	2012
	$'000	$'000
Deferred tax assets comprise		
Tax losses - revenue	**2,337**	567
Temporary differences	**24,242**	9,387
	26,579	9,954

	Consolidated	
	2013	2012
	$'000	$'000
Deferred tax liabilities comprise		
Temporary differences	**(11,820)**	(2,020)
	(11,820)	(2,020)

6 INCOME TAX (CONTINUED)

Deferred tax assets/(liabilities) arise from the following.

Consolidated 2013	Opening balance $'000	Charged to income $'000	Recognised directly in equity $'000	Acquisitions / disposals $'000	Changes in tax rate $'000	Closing balance $'000
Gross deferred tax liabilities						
Other financial assets	(308)	(4,793)	-	-	-	(5,101)
Sundry receivables	(3)	3	-	-	-	-
Provisions	(1,709)	568	-	-	-	(1,141)
Intangible assets	-	421	-	(5,999)	-	(5,578)
	(2,020)	(3,801)	-	(5,999)	-	(11,820)
Gross deferred tax assets						
Doubtful debts	267	87	-	48	-	402
Other financial assets	1,924	1,266	-	1,245	-	4,435
Plant and equipment	4,715	(198)	-	317	-	4,834
Payables	565	542	-	3,378	-	4,485
Provisions	1,663	2,801	-	780	-	5,244
Other liabilities	253	(253)	-	-	-	-
Equity raising costs	-	-	914	-	-	914
Business acquisition and restructure expenses	-	3,928	-	-	-	3,928
	9,387	8,173	914	5,768	-	24,242
Consolidated 2012						
Gross deferred tax liabilities						
Other financial assets	(7)	(301)	-	-	-	(308)
Sundry receivables	(5)	2	-	-	-	(3)
Provisions	(1,414)	(295)	-	-	-	(1,709)
	(1,426)	(594)	-	-	-	(2,020)
Gross deferred tax assets						
Doubtful debts	177	90	-	-	-	267
Other financial assets	1,437	487	-	-	-	1,924
Plant and equipment	3,286	1,440	-	-	(11)	4,715
Payables	586	(21)	-	-	-	565
Provisions	1,053	610	-	-	-	1,663
Other liabilities	202	51	-	-	-	253
	6,741	2,657	-	-	(11)	9,387

6 INCOME TAX (CONTINUED)

(f) UNRECOGNISED DEFERRED TAX BALANCES

Unused tax losses for which no deferred tax assets have been recognised are attributable to the following:

	Consolidated	
	2013	2012
	$'000	$'000
Tax losses (capital in nature)	**1,364**	-
	1,364	-

The unbooked tax losses do not expire.

(g) TAX CONSOLIDATION

(i) Relevance of Tax Consolidation to the Consolidated Entity

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 14 March 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is IRESS Limited. The members of the tax-consolidated group are identified at Note 32.

7 EARNINGS PER SHARE

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

	Consolidated 2013 CENTS PER SHARE	2012 CENTS PER SHARE
Basic earnings per share	**17.278**	30.646
Diluted earnings per share	**17.034**	30.402

(b) BASIC EARNINGS PER SHARE

		2013 '000	2012 '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		**$24,241**	$39,228
Weighted average number of ordinary shares (a)	No	**140,294**	128,004

(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

		2013 '000	2012 '000
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		**$24,241**	$39,228
Weighted average number of ordinary shares (refer to footnote (a) above)	No	**142,174**	129,033
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	**140,294**	128,004
Shares deemed to be issued for no consideration in respect of performance rights (i.e. the dilutive impact of performance rights and deferred share rights in existence during the year that were exercisable at below the weighted average market price) (a)	No	**1,880**	1,029
Weighted average number of converted, lapsed or cancelled potential ordinary shares used in the calculation of diluted earnings per share	No	**-**	-

7 EARNINGS PER SHARE (CONTINUED)

(c) DILUTED EARNINGS PER SHARE (CONTINUED)

Right to purchase ordinary shares pursuant to the employee share scheme

(a) The dilutive impact of future vestings of granted performance rights has been derived assuming the relative ranking of IRESS to its peer group as measured at 31 December 2013 continues at that level through to the final vesting date for the applicable performance right.

No potential ordinary shares are deemed anti-dilutive (2012: Nil).

8 CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated	
	2013	2012
	$'000	$'000
Trade receivables	**27,019**	13,153
Allowance for doubtful debts	**(1,335)**	(1,022)
	25,684	12,131

	Consolidated	
	2013	2012
	$'000	$'000
Sundry receivables and prepayments	**11,154**	2,313
	11,154	2,313

(i) Movement in the allowance for doubtful debts

	Consolidated	
	2013	2012
	$'000	$'000
Opening balance	**1,022**	627
Additions	**48**	522
Provision acquired through business combination	**275**	-
Amounts written off as uncollectible	**(10)**	(127)
	1,335	1,022

The Group's policy requires customers to pay within 30 days from date of invoice. All credit and recovery risks associated with trade receivables have been provided for in the Balance Sheet. The provision in respect of trade and sundry receivables is determined with regard for historical write-offs and specifically identified customers. Other balances in other receivables do not contain impaired assets and are not past due.

An analysis of trade receivables as at 31 December 2013 showing receivables ‘not impaired’ and receivables ‘considered impaired’ is as follows.

8 CURRENT ASSETS - TRADE AND OTHER RECEIVABLES (CONTINUED)

	Consolidated NI (a)		Consolidated CI (b)	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
0 - 30 days	**15,319**	8,610	**350**	80
31 - 60 days	**6,313**	2,336	**149**	165
61 - 90 days	**2,221**	468	**137**	150
91+ days	**1,831**	717	**699**	627
Total	**25,684**	12,131	**1,335**	1,022

(a) NI - not impaired
(b) CI - considered impaired

9 NON-CURRENT ASSETS - PLANT AND EQUIPMENT

2013 Consolidated	**Leasehold improvements $'000**	**Furniture, fittings and equipment $'000**	**Computer equipment $'000**	**Office equipment $'000**	**Total $'000**
At 1 January 2013					
Cost or fair value	7,446	1,935	14,908	198	24,487
Accumulated depreciation	(6,328)	(1,566)	(8,639)	(186)	(16,719)
Net book amount	1,118	369	6,269	12	7,768
Year ended 31 December 2013					
Opening net book amount	1,118	369	6,269	12	7,768
Additions	994	677	3,672	99	5,442
Additions through business combinations	29	623	951	16	1,619
Disposals	(137)	(9)	(140)	-	(286)
Net foreign currency exchange differences	44	73	273	-	390
Depreciation expense	(625)	(282)	(4,300)	(28)	(5,235)
Closing net book amount	1,423	1,451	6,725	99	9,698
At 31 December 2013					
Cost	8,664	3,436	20,527	14,561	47,188
Accumulated depreciation	(7,241)	(1,985)	(13,802)	(14,462)	(37,490)
Net book amount	1,423	1,451	6,725	99	9,698

9 NON-CURRENT ASSETS - PLANT AND EQUIPMENT (CONTINUED)

2012 Consolidated	**Leasehold improvements $'000**	**Furniture, fittings and equipment $'000**	**Computer equipment $'000**	**Office equipment $'000**	**Total $'000**
At 1 January 2012					
Cost or fair value	6,650	1,701	17,171	260	25,782
Accumulated depreciation	(5,783)	(1,452)	(11,575)	(199)	(19,009)
Net book amount	867	249	5,596	61	6,773
Year ended 31 December 2012					
Opening net book amount	867	249	5,596	61	6,773
Additions	703	267	4,387	-	5,357
Adjustment - fully written down assets (gross carrying amount) (a)	(29)	(104)	(6,629)	(84)	(6,846)
Disposals	-	(3)	6	(1)	2
Adjustment - fully written down assets (accumulated depreciation) (a)	29	104	6,629	84	6,846
Net foreign currency exchange differences	4	(8)	(88)	-	(92)
Depreciation expense	(456)	(136)	(3,632)	(48)	(4,272)
Closing net book amount	1,118	369	6,269	12	7,768
At 31 December 2012					
Cost or fair value	7,446	1,935	14,908	198	24,487
Accumulated depreciation	(6,328)	(1,566)	(8,639)	(186)	(16,719)
Net book amount	1,118	369	6,269	12	7,768

(a) Assets written off as part of a periodic review of fully written down assets.

	Consolidated	
	2013 $'000	2012 $'000
Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year.		
Leasehold improvements	**625**	456
Furniture and fittings	**282**	136
Computer equipment	**4,300**	3,632
Office equipment	**28**	48
	5,235	4,272

10 COMPUTER SOFTWARE

	Consolidated	
	2013	2012
	$'000	$'000
Opening balance		
Cost	**93,519**	117,350
Accumulated amortisation	**(68,526)**	(77,981)
Net book amount at 1 January	**24,993**	39,369
Movement		
Additions	**2,426**	2,227
Additions through business combination	**13,704**	-
Net foreign currency exchange differences	**1,180**	(1)
Adjustment - short term software licence (gross carrying amount)	**(1,675)**	(1,606)
Adjustment - short term software licence (accumulated amortisation)	**1,675**	1,606
Adjustment - fully written down software (gross carrying amount)	**-**	(21,357)
Adjustment - fully written down software (accumulated amortisation)	**-**	21,357
Disposals	**-**	(3,379)
Amortisation charge	**(12,045)**	(13,223)
Net book amount at 31 December	**30,258**	24,993

	Consolidated	
	2013	2012
	$'000	$'000
Aggregate amortisation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during year	**12,045**	13,223

11 GOODWILL

	Consolidated	
	2013	2012
	$'000	$'000
Goodwill gross carrying amount		
Balance at the beginning of the year	**39,383**	40,137
Additional amounts recognised from business combinations occurring in the period	**334,218**	-
Effect of foreign exchange differences	**17,923**	(754)
Balance at the end of financial year	**391,524**	39,383

There are no accumulated impairment losses.

(a) ALLOCATION OF GOODWILL TO CASH GENERATING UNITS

Goodwill has been allocated for impairment testing purposes to the following cash generating units; Australia & New Zealand Wealth Management, Canada, South Africa, Asia and United Kingdom Wealth Management.

In accordance with AASB136 'Impairment of Assets', impairment testing was completed as at 31 December 2013 and no impairment of goodwill was indicated.

The carrying amount of goodwill allocated to cash generating units that are significant individually or in aggregate is as follows:

	Consolidated	
	2013	2012
	$'000	$'000
Australia & New Zealand Wealth Management	**15,179**	15,179
Canada (a)	**9,016**	8,239
South Africa (a)	**13,285**	13,986
Asia (a)	**2,230**	1,979
United Kingdom (b)	**351,814**	-
Balance at end of financial year	**391,524**	39,383

(a) Movement represents only net exchange rate differences arising during the period.
(b) This amount is being accounted for on a provisional basis as disclosed in Note 30.

(b) IMPAIRMENT TESTING ASSUMPTIONS

The following assumptions were adopted in the assessment of indicators of impairment as at 31 December 2013 for each of the cash generating units; importantly these assumptions do not seek to represent Directors' valuations of these businesses:

- The recoverable amount of the cash generating unit has been determined based on a value in use calculation using cash flow projections which broadly track the financial outcomes contained in the long term strategic plan approved by the Board in October 2013 (Periodic Strategic Review).
- Revenue growth is assumed during the projection period. The growth assumptions are consistent with the Periodic Strategic Review exercise.
- Wages, operating costs and depreciation (as a proxy for capital expenditure) are assumed to grow on a partially fixed, partially variable basis with revenue.
- A terminal annual growth factor of 2%.

11 GOODWILL (CONTINUED)

- The Group has applied post-tax discount rates to discount the forecast future attributable post-tax cash flows. The discount rates used reflect risks relating to the relevant segments and the countries in which they operate. The equivalent pre-tax discount rates are as follows: Australia and New Zealand 10.9% (11.0% in 2012), Canada 9.2% (11.0% in 2012); South Africa 13.5% (11% in 2012), Asia 10.9% (11% in 2012) and United Kingdom 8.5%.
- Where applicable the exchange rate prevailing as at 31 December 2013 continues.

The Directors believe that any reasonably possible further change in the key assumptions on which recoverable amount is based would not cause the carrying amount to exceed the recoverable amount for any cash generating unit.

12 INTANGIBLES

Consolidated	Database $'000	Customer list $'000	Capitalised Customer Relationships $'000	Other $'000	Total $'000
Year ended 31 December 2013					
Opening net book amount	1,540	1,541	-	-	3,081
Additions through business combinations (a)	-	-	16,290	-	16,290
Exchange differences	-	(78)	1,420	-	1,342
Amortisation charge	-	(1,390)	(917)	-	(2,307)
Closing net book amount	1,540	73	16,793	-	18,406
At 31 December 2013					
Cost	1,540	4,128	17,770	-	23,438
Accumulated amortisation	-	(4,055)	(977)	-	(5,032)
Net book amount	1,540	73	16,793	-	18,406

12 INTANGIBLES (CONTINUED)

Consolidated	Database $'000	Customer list $'000	Capitalised Customer Relationships $'000	Other $'000	Total $'000
Year ended 31 December 2012					
Opening net book amount	1,540	3,167	-	-	4,707
Exchange differences	-	(103)	-	-	(103)
Adjustment - fully written down assets (gross carrying amount) (b)	-	(1,341)	-	(38)	(1,379)
Adjustment - fully written down assets (accumulated depreciation) (b)	-	1,341	-	38	1,379
Amortisation charge	-	(1,523)	-	-	(1,523)
Closing net book amount	1,540	1,541	-	-	3,081
At 31 December 2012					
Cost	1,540	4,390	-	-	5,930
Accumulated amortisation	-	(2,849)	-	-	(2,849)
Net book amount	1,540	1,541	-	-	3,081

(a) Refer to Note 30.
(b) Assets written off as part of a periodic review of fully written down assets.

13 NON-CURRENT ASSETS - DEFERRED TAX ASSETS

	Consolidated 2013 $'000	Consolidated 2012 $'000
Temporary differences attributable to		
Parent entity	**13,178**	5,715
Entities in the tax consolidated group (Note 32)	**2,796**	2,842
Other entities (a)	**8,268**	830
Tax losses - other entities (b)	**2,337**	567
	26,579	9,954

(a) Wholly owned subsidiaries that are not entities in the tax consolidated group.
(b) Consists of amounts recognised as a deferred tax asset for wholly owned subsidiaries that are not in the tax consolidated group that have tax losses in the period.

14 NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

	Consolidated	
	2013	2012
	$'000	$'000
Investment in shares at fair value	**37**	42

Investment in shares represents numerous minimum shareholding parcels in ASX listed stapled securities and property trusts held for the purposes of managing IRESS' capture and recording of corporate actions in these securities.

15 CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated	
	2013	2012
	$'000	$'000
Trade payables	**21,108**	8,309
	21,108	8,309
Sundry creditors and accruals	**17,451**	6,075
	17,451	6,075

Trade payables and other creditors are non-interest bearing liabilities. The Group generally processes trade creditor payments in accordance with the supplier's trading terms.

16 CURRENT LIABILITIES - CURRENT TAX PAYABLES

	Consolidated	
	2013	2012
	$'000	$'000
Income tax payable attributable to		
Parent entity	**1,233**	1,461
Other entities	**2,669**	2,042
	3,902	3,503

17 CURRENT LIABILITIES - PROVISIONS

	Consolidated	
	2013	2012
	$'000	$'000
Employee benefits (Note 27)	**6,286**	4,505
Dividends	**101**	42
Restructuring costs	**1,308**	34
Facilities (Operating Leases)	**68**	-
Additional payment arising on the acquisition of subsidiaries (a)	**2,410**	-
	10,173	4,581

(a) Consists of provision associated with the acquisition of Peresys. This payment is due to be made during 2014 and is hence classified as current in 2013. In 2012 provision was classified as non-current (refer Note 19). Movement in the balance relate to non-cash interest expense (refer Note 2) and net foreign currency exchange difference.

17 CURRENT LIABILITIES - PROVISIONS (CONTINUED)

(a) MOVEMENTS IN PROVISIONS

Consolidated 2013	**Employee benefits $'000**	**Dividends (a) $'000**	**Restructuring and termination costs (b) $'000**	**Facilities $'000**	**Additional payment for subsidiaries $'000**	**Total $'000**
Carrying amount at the start of the year	4,505	42	34	-	-	4,581
Charged/(credited) to profit or loss						
- additional provisions recognised	656	49,001	1,274	68	-	50,999
Transfers/reclassifications (c)	-	-	-	-	2,236	2,236
Amounts used during the year	-	(48,942)	-	-	-	(48,942)
Acquired through business combination	56	-	-	-	-	56
Transfered to current	1,069	-	-	-	-	1,069
Non-cash interest expense	-	-	-	-	168	168
Net foreign currency exchange difference	-	-	-	-	6	6
Carrying amount at end of year	6,286	101	1,308	68	2,410	10,173

Consolidated 2012	**Employee benefits $'000**	**Dividends (a) $'000**	**Restructuring and termination costs (b) $'000**	**Facilities $'000**	**Additional payment for subsidiaries $'000**	**Total $'000**
Carrying amount at the start of the year	3,929	41	300	-	-	4,270
Charged/(credited) to profit or loss						
- additional provisions recognised	576	47,851	-	-	-	48,427
Amounts used during the year	-	(47,850)	(266)	-	-	(48,116)
Carrying amount at end of year	4,505	42	34	-	-	4,581

(a) The provision for dividends represents the aggregate amount of dividends declared, determined or publicly recommended on or before the reporting date, which remain undistributed at the reporting date, regardless of the extent to which they are expected to be paid in cash. At 31 December 2013, the balance represents unpresented dividend cheques.
(b) Consist of expenses incurred in the restructure of the Executive team in the Group's Canadian operations and the committed restructure of certain European subsidiaries of the Group.
(c) Reclassified from non-current liability (Note 19)

18 NON-CURRENT LIABILITIES - BORROWINGS AND DERIVATIVE LIABILITIES

	Consolidated	
	2013	2012
	$'000	$'000
Secured borrowings (a) (b)	**180,495**	-
Borrowing costs capitalised (c)	**(3,863)**	-
Accrued interest	**694**	-
Derivative liabilities (d)	**10,636**	-
Total	**187,962**	-

(a) Includes a 3 year facility of $90.000m which expires September 2016 (2012: nil), and a 5 year facility of $90.000m which expires September 2018 (2012: nil).
(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	**2013**		2012	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
On-balance sheet				
Bank loans	**177,326**	**177,326**	-	-
Derivative liabilities	**10,636**	**10,636**	-	-
	187,962	**187,962**	-	-

19 NON-CURRENT LIABILITIES - PROVISIONS

	Consolidated	
	2013	2012
	$'000	$'000
Employee benefits (Note 27)	**3,661**	3,601
Provision for additional payment arising on the acquisition of subsidiaries (a)	**-**	2,236
Restructuring costs (b)	**1,610**	-
Lease liability	**519**	-
	5,790	5,837

(a) Consists of provision associated with the acquisition of Peresys. This payment is due to be made during 2014 and is hence classified as current in 2013 (refer note 17).
(b) During 2013, Avelo commenced a restructuring of their office locations with the goal to consolidate client service departments located in three separate locations to a single location.

20 ISSUED CAPITAL

(a) ISSUED CAPITAL

	2013	2012
	$'000	$'000
158,585,126 fully paid ordinary shares (2012: 128,620,231)	**275,315**	75,898

(b) FULLY PAID ORDINARY SHARE CAPITAL

	2013 Shares (No. '000)	**2013 $'000**	2012 Shares (No. '000)	2012 $'000
Balance at beginning of financial year	**128,620**	**75,898**	127,036	75,898
Shares issued to IRESS Limited Equity Plan Trust pursuant to share plans (a) (b)	**1,130**	**-**	1,584	-
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 financial year	**158,585**	**275,315**	128,620	75,898

(a) Additional issued capital arising from the issue of these shares in the years ended 31 December 2013 and 31 December 2012 amounted to $55 and $13 respectively.
(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.

20 ISSUED CAPITAL (CONTINUED)

(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) PERFORMANCE RIGHTS

Performance rights have been granted to the Managing Director, Executives and employees of the Group. These performance rights will vest over time subject to satisfying the criteria set out in the relevant performance rights plan rules. Once vested, the holder of the performance right is required to pay $1 per series to exercise the performance right (refer Note 38).

Pursuant to performance rights granted in prior years which vested during the year, 83,507 shares (208,234 shares less 124,727 treasury shares) were subscribed for by the Trust.

(d) DEFERRED SHARES

Pursuant to deferred shares granted to the Managing Director, Executives and employees during the year which have not yet vested (refer Note 39), 848,454 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 year (refer Note 40), 226,651 shares were subscribed for by the Trust.

Following cancellations of share rights granted to employees, as at 31 December 2013, the Trust holds 241,721 treasury shares.

21 RESERVES

	Consolidated 2013 $'000	Consolidated 2012 $'000
Reserves comprise		
Share-based payments	**54,575**	47,220
Foreign currency translation	**6,296**	(10,906)
	60,871	36,314

	Notes	Consolidated 2013 $'000	Consolidated 2012 $'000
Movements:			
Share-based payments			
Opening balance		**47,220**	39,184
Employee share plan expense	37	**8,072**	8,455
Transfer to retained earnings (a)		**(717)**	(419)
Balance 31 December		**54,575**	47,220
Foreign currency translation			
Opening balance		**(10,906)**	(10,060)
Translation of foreign operations		**17,202**	(846)
Balance 31 December		**6,296**	(10,906)
Cash flow hedges			
Opening balance		**-**	-
Loss arising on changes in fair value of deal contingent foreign currency forward (b)		**(4,757)**	-
Transferred to goodwill on close out of deal contingent foreign currency forward (b)		**4,757**	-
Balance 31 December		**-**	-

(a) Share based payments expense arising on the performance rights which lapsed during 2013 and 2012 transferred to retained earnings.
(b) Hedge reserve relates to the cash flow hedge entered into to hedge the purchase price of Avelo.

The share based payment reserve arises on recognition of the share based payment expense following the grant of share rights to employees (including the Managing Director) under the applicable share rights plan.

Exchange differences relating to foreign currency monetary items forming part of the net investment in a foreign operation, and the translation of foreign operations, are brought to account by entries made directly to the foreign currency translation reserve.

22 RETAINED EARNINGS / (ACCUMULATED LOSSES)

	Notes	Consolidated 2013 $'000	2012 $'000
Balance 1 January		**14,626**	22,830
Net profit for the year		**24,241**	39,228
Dividends provided for or paid	24	**(49,001)**	(47,851)
Transfer from share-based payments reserves (a)		**717**	419
Balance 31 December		**(9,417)**	14,626

(a) Share based payments expense arising on the performance rights which lapsed during 2013 and 2012 transferred to retained earnings.

23 PARENT ENTITY FINANCIAL INFORMATION

(a) SUMMARY FINANCIAL INFORMATION

	2013 $'000	2012 $'000
ASSETS		
Current assets	**321,644**	61,591
Non-current assets	**315,928**	134,045
Total assets	**637,572**	195,636
LIABILITIES		
Current liabilities	**18,367**	12,731
Non-current liabilities	**196,454**	6,781
Total liabilities	**214,821**	19,512
EQUITY		
Issued capital	**275,315**	75,898
Retained earnings	**92,861**	53,006
Share-based payments	**54,575**	47,220
Total Equity	**422,751**	176,124
Profit for the year	**88,696**	27,902
Total comprehensive income	**88,696**	27,902

24 DIVIDENDS

	31 December 2013		31 December 2012	
	CENTS PER SHARE	**TOTAL $'000**	**CENTS PER SHARE**	**TOTAL $'000**
Recognised amounts				
Interim Dividend	13.5 (a)	17,489	13.5 (a)	17,363
Final Dividend	24.5 (a)	31,512	24.0 (b) (c)	30,488
		49,001		47,851
Unrecognised amounts				
Final Dividend	24.5 (d)	38,853	24.5 (a)	31,512
		38,853		31,512

(a) Franked to 90% at a 30% tax rate.
(b) Franked to 83% at a 30% tax rate.
(c) 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.
(d) Franked to 80% at a 30% tax rate. The estimated value of the 2013 final dividend declared subsequent to 31 December 2013 has been calculated based on 158,585,126 ordinary shares, comprising shares on issue as at 31 December 2013.

	Company	
	2013	2012
	$'000	$'000
Adjusted franking account balance (a)	**13,570**	13,981

(a) The franking account balance is maintained on a tax paid basis in accordance with the simplified dividend system. It has not been adjusted for the unrecognised partially franked final dividend above.

25 NOTES TO THE STATEMENT OF CASH FLOWS

(a) RECONCILIATION OF CASH

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows.

	Consolidated	
	2013	2012
	$'000	$'000
Cash at bank and in hand	**71,405**	55,967

(b) RECONCILIATION OF PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated	
	2013	2012
	$'000	$'000
Profit for the year	**24,240**	39,228
Net (gain)/loss on sale of non-current assets	**(1)**	(8)
Depreciation and amortisation	**19,589**	19,018
Doubtful debts expense	**53**	511
Net exchange differences	**(10,790)**	946
Financing expense	**10,636**	-
Non-cash employee benefits expense - share-based payments	**8,072**	8,455
Acquisition costs	**14,346**	-
Net cash from operating activities	**66,145**	68,150
Change in operating assets and liabilities:		
Increase/(decrease) in deferred tax balances	**(7,056)**	1,760
(Increase)/decrease in current trade receivables	**(6,025)**	1,477
(Increase)/decrease in other current assets	**(56)**	1,954
Increase/(decrease) in current trade payables	**5,279**	(1,817)
Increase/(decrease) in other provisions	**1,152**	(3,310)
Increase/(decrease) in tax liability	**1,756**	(6,747)
Net cash inflow from operating activities	**61,195**	61,467

26 SEGMENT INFORMATION

Prior to 2013, the Group operated in two areas - Financial Markets and Wealth Management. 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.

SEGMENT REVENUES

	Consolidated	
	2013	2012
	$'000	$'000
Australia & New Zealand Financial Markets	**107,018**	108,756
Australia & New Zealand Wealth Management	**62,973**	53,864
Canada	**20,148**	21,555
South Africa	**21,581**	21,254
Asia	**1,605**	984
United Kingdom Financial Markets	**446**	125
United Kingdom Wealth Management	**23,840**	205
United Kingdom Enterprise Solutions	**13,015**	-
Total of all segments	**250,626**	206,743
Unallocated	**506**	599
Revenue	**251,132**	207,342
Interest revenue	**1,847**	1,263
Eliminations	**-**	-
Consolidated	**252,979**	208,605

26 SEGMENT INFORMATION (CONTINUED)

SEGMENT PROFITS / (LOSSES)

	Consolidated 2013 $'000	2012 $'000
Australia & New Zealand Financial Markets	**51,566**	54,216
Australia & New Zealand Wealth Management	**27,673**	23,366
Canada	**5,390**	6,271
South Africa	**6,319**	6,484
Asia	**(3,950)**	(3,969)
United Kingdom Financial Markets	**(952)**	(378)
United Kingdom Wealth Management	**1,936**	(2,585)
United Kingdom Enterprise Solutions	**219**	-
Total of all segments	**88,201**	83,405
Share based payment expense	**(8,072)**	(8,455)
Other contribution (a)	**(6,369)**	(90)
Earnings before interest, taxes, depreciation and amortisation	**73,760**	74,860
Depreciation and amortisation expense	**(19,587)**	(19,018)
Net interest	**(7,072)**	1,000
Financing expense	**(10,636)**	-
Profit before income tax expense	**36,465**	56,842
Income tax expense	**(12,224)**	(17,614)
Profit attributable to the members of the parent entity	**24,241**	39,228

(a) Consists of:

	Consolidated 2013 $'000	2012 $'000
Business acquisition expenses	**(9,846)**	-
Business restructure expenses	**(4,541)**	(123)
Unrealised foreign exchange gain/(loss)	**10,790**	(783)
Other	**(2,772)**	816
	(6,369)	(90)

26 SEGMENT INFORMATION (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 (b)	UNDERLYING GROUP $'000	STRATEGIC CHARGES $'000	REPORTED GROUP $'000
RECURRING OPERATIONAL (a)							
Operating Revenue	2013	145,245	92,366	13,015	250,626	-	250,626
	2012	146,934	59,809	-	206,743	-	206,743
Segment Profit	2013	58,974	29,008	219	88,201	-	88,201
	2012	62,671	20,733	-	83,404	-	83,404
Segment Profit before tax (c)	2013	49,416	26,665	86	76,167	(11,797)	64,370
	2012	59,023	19,228	-	78,251	(12,692)	65,559
Segment Profit after tax	2013	34,345	18,751	60	53,156	(8,199)	44,957
	2012	41,020	13,363	-	54,383	(8,821)	45,562
SBP & NON-CORE							
Share Based Pmts.	2013				(6,245)	(1,827)	(8,072)
	2012				(6,798)	(1,657)	(8,455)
Total Non-Core Exp. Before Tax	2013						(19,834)
	2012						(261)
Tax on SBP and NonRecurring items	2013						7,190
	2012						2,381
REPORTED Profit after tax	2013						24,241
	2012						39,228

26 SEGMENT INFORMATION (CONTINUED)

(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 consistently in this way for the past 9 years.
(b) These segment results are inclusive of the Group's investments in the emerging Financial Markets and Wealth Management businesses in Asia and the United Kingdom.
(c) This figure is derived from segment profit before tax, after depreciation and net interest.

SEGMENT ASSETS AND LIABILITIES

	2013 $'000						
	Cash	Receivables	Derivative Assets	Payables	Borrowings	Derivative Liabilities	Total
Australia & New Zealand	45,319	13,090	10,636	(10,985)	(177,326)	(10,636)	(129,902)
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)	-	(10,636)	6,619
Total consolidated (a)	71,405	25,684	10,636	(21,108)	(177,326)	(21,272)	(111,981)

	2012 $'000						
	Cash	Receivables	Derivative Assets	Payables	Borrowings	Derivative Liabilities	Total
Australia & New Zealand	35,779	9,659	-	(6,458)	-	-	38,980
Canada	1,716	1,043	-	(700)	-	-	2,059
South Africa	14,735	1,114	-	(930)	-	-	14,919
Asia	2,292	158	-	(141)	-	-	2,309
United Kingdom	1,445	157	-	(80)	-	-	1,522
Total consolidated (a)	55,967	12,131	-	(8,309)	-	-	59,789

(a) The movement in Total consolidated segment assets and liabilities from 2012 is primarily driven by Australia & New Zealand. This reduction is driven by the addition of non-current borrowings relating to the acquisition of Avelo. The acquisition of Avelo resulted in an additional $334.218m of Goodwill being recognised at the Group level (refer Note 30).

26 SEGMENT INFORMATION (CONTINUED)

OTHER SEGMENT INFORMATION

	Consolidated	
	2013	2012
	$'000	$'000
Depreciation and amortisation		
Australia & New Zealand	**13,888**	15,767
Canada	**648**	672
South Africa	**2,106**	2,027
Asia	**323**	423
United Kingdom	**2,622**	129
Total	**19,587**	19,018
Additions to Plant and Equipment		
Australia & New Zealand	**2,359**	3,022
Canada	**289**	558
South Africa	**1,402**	1,061
Asia	**135**	88
United Kingdom	**1,257**	628
Total	**5,442**	5,357
Additions to software		
Australia & New Zealand	**2,400**	2,153
Canada	**-**	-
South Africa	**26**	32
Asia	**-**	21
United Kingdom	**-**	21
Total	**2,426**	2,227
Total Non-current assets		
Australia & New Zealand	**440,238**	55,117
Canada	**10,578**	10,299
South Africa	**15,272**	16,759
Asia	**2,743**	2,502
United Kingdom	**7,671**	544
Total	**476,502**	85,221

INFORMATION ABOUT MAJOR CUSTOMERS

No single customer contributed 10% or more to the Group's revenue for both 2013 and 2012.

27 EMPLOYEE BENEFITS

	Consolidated	
	2013	2012
	$'000	$'000
Current (Note 17)		
Annual leave	**5,217**	4,505
Deferred incentive (a)	**1,069**	-
Non current (Note 19)		
Deferred incentive (a)	**-**	1,076
Long service leave	**3,661**	2,525
Total	**9,947**	8,106

(a) As part of the IRESS Financial Markets (Proprietary) Limited (formerly Peresys (Proprietary) Ltd) acquisition completed in January 2011, certain employees are eligible to participate in a deferred cash based incentive arrangement. The final amount payable is subject to the performance of the business over the period from acquisition to 31 December 2013.

28 CONTINGENCIES

IRESS Financial Markets (Proprietary) Limited, a wholly owned subsidiary, had a potential exposure to fines arising from the processing of the company's change of year end to align with the IRESS group practice of using a 31 December year end. This matter was resolved in 2013 with the Registrar of Companies and no fines or penalties were levied.

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

29 COMMITMENTS

(a) LEASING ARRANGEMENTS

Operating leases relate to office facilities with lease terms of between 2 to 10 years. The Group does not have an option to purchase the leased asset at the expiry of the lease period. Melbourne, Sydney, Brisbane and Perth office lease arrangements are supported by bank guarantees. At 31 December 2013, the total rental bank guarantees in place amounted to $3,012,549 (2012: $3,370,484).

29 COMMITMENTS (CONTINUED)

(i) Non-cancellable operating leases

	Consolidated	
	2013	2012
	$'000	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**3,813**	2,882
Later than one year but not later than five years	**9,996**	9,205
Later than five years	**263**	814
	14,072	12,901

In respect of non-cancellable operating leases, the following liabilities have been recognised.

(ii) Make good provisions

	Consolidated	
	2013	2012
	$'000	$'000
Current (a)	**288**	297
Non-current	**-**	-
	288	297

(a) This amount is included in Sundry creditors and accruals (Note 15)

30 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).

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

	$'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**

30 BUSINESS COMBINATION (CONTINUED)

(a) SUMMARY OF ACQUISITION (CONTINUED)

	$'000
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**

(i) Revenue and profit contribution

For the period of acquisition to 31 December 2013, Avelo contributed revenue of AUD35.301m to the Group. Had this business combination been effected at 1 January 2013, the revenue of the Group from continuing operations would have been AUD 321.735m, and the profit for the full year from continuing operations would have been AUD 22.792m.

In determining the 'pro-forma' revenue and profit of the Group had Avelo been acquired at the beginning of the current reporting period, the Directors have evenly apportioned the revenue and profit of Avelo over this period on the basis of there being no abnormal items within those results. While expenses associated with integration activities are one off in nature they are not considered abnormal and therefore the impact of these costs have not been excluded from the calculation of 'pro-forma' profit.

30 BUSINESS COMBINATION (CONTINUED)

(b) PURCHASE CONSIDERATION - CASH OUTFLOW

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

	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 Statement of Comprehensive Income in 2013 as a result of the acquisition as follows:

	$'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) As described in Note 1, 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) As described in Note 1, 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.

Acquisition-related costs

Acquisition related costs of $23.290m are included in investing cash flows in the statement of cash flows. $6.535m of acquisition costs incurred in debt raising are included in non-current liabilities, $7.623m of acquisition costs incurred in issuing equity instruments have been netted against share capital issued and are included in issued capital, $9.833m of acquisition costs are included in business acquisition and discontinuation expense, and $2.661m cost of cash flow hedge on purchase price are included in interest expense.

The fair value of the net assets acquired, including goodwill arising on acquisition, has been provisionally determined. As at the date of this report, the Directors have not finalised their assessment of fair value. This assessment is expected to be completed in the Group's 2014 half year results.

30 BUSINESS COMBINATION (CONTINUED)

(b) PURCHASE CONSIDERATION - CASH OUTFLOW (CONTINUED)

Expected impact of acquisition in Statement of Comprehensive Income over time

	2013 $'000	2014 $'000	2015 $'000	2016 - 2018 $'000
Advisor fees directly associated with the acquisition	11,614			
Debt arrangement costs (not including advisor fees)	6,514			
Underwriting and similar arrangement costs	4,938			
Costs associated with integration activities	3,844			
Derivative cost	2,661			
Other	938			
	30,509			
Costs relating to debt raising (including advisor fees)	(6,535)			
Costs relating to equity raising	(7,623)			
Derivative cost (Note 2)	(2,661)			
	13,690			
Business restructure expenses	697			
Business acquisition costs (Note 5)	14,387			
Net foreign exchange effect of funding arrangements	(155)			
Business synergy costs	615			
Amortisation of costs relating to debt (including advisor fees) (Note 2)	2,672	1,153	1,153	1,557
	17,519	**1,153**	**1,153**	**1,557**

31 REMUNERATION OF AUDITORS

	Consolidated 2013 $	2012 $
Audit and other assurance services		
Auditor of the parent entity		
Audit or review of the financial report (a)	**310,316**	236,600
Other audit services	**-**	52,325
Other non-audit services	**52,080**	-
Network firm of the parent entity auditor		
Audit or review of the financial report (b)	**197,824**	76,898
	560,220	365,823

(a) The auditor of IRESS Limited is Deloitte Touche Tohmatsu.
(b) Remuneration paid to international associates of Deloitte Touche Tohmatsu located in Canada, New Zealand, South Africa, Singapore, Hong Kong, Ireland and United Kingdom.

32 SUBSIDIARIES

Name of entity	**Country of incorporation**	**Principal activity**	**Ownership interest 2013 %**	Ownership interest 2012 %
PARENT ENTITY				
IRESS Limited (a)				
SUBSIDIARIES				
IRESS (NZ) Limited (c)	New Zealand	Provision of sales and related services to users of IRESS technologies in New Zealand	**100**	100
IRESS Wealth Management Pty Ltd (b)	Australia	Provision of financial planning technology and related services	**100**	100
IRESS Canada Holdings Limited	Canada	Holding company	**100**	100
IRESS Data Pty Ltd (b) (c)	Australia	Data procurement	**100**	100
IRESS Asia Holdings Limited (c)	Hong Kong	Provision of financial market and financial planning technology and related services	**100**	100
IRESS Market Technology (Singapore) Pte Ltd (c)	Singapore	Provision of financial market and financial planning technology and related services	**100**	100
IRESS South Africa (Australia) Pty Ltd (b)	Australia	Software licensing company	**100**	100
IRESS Financial Markets (Pty) Ltd (d)	South Africa	Provision of financial market technology and related services	**100**	100
IRESS Technology Limited (c)	United Kingdom	Provision of financial market and financial planning technology and related services	**100**	100
Planning Resources Group Pty Ltd (b)	Australia	No active operations, currently receives small amount of passive income associated with former PlanTech business.	**100**	100
Apollo I Australia Pty Ltd (e)	Australia	Holding company	**100**	-
Apollo II Australia Pty Ltd (e)	Australia	Holding company	**100**	-
Apollo III UK Holdings Limited (e)	United Kingdom	Holding company	**100**	-
IRESS Malaysia Holdings Sdn Bhd (f)	Malaysia	Provision of financial market and financial planning technology and related services	**100**	-

(a) IRESS Limited is the head entity within the tax consolidated group.
(b) This company and its Australian subsidiaries (if any) are members of the tax consolidated group.
(c) Subsidiary provided with a letter of support from Parent entity.
(d) Formerly Peresys (Pty) Ltd. This name change occurred on 8 May 2013.
(e) Incorporated on 19 July 2013.
(f) Incorporated on 2 August 2013.

32 SUBSIDIARIES (CONTINUED)

In relation to its Australian and New Zealand wealth management operations, IRESS Wealth Management Pty Ltd holds the following controlled entities.

Name of entity	Country of incorporation	Principal activity	Ownership interest 2013 %	2012 %
PlanTech Holdings Pty Ltd (a)	Australia	Holding company for PlanTech companies below	**100**	100
IRESS Information Pty Ltd	Australia	Provider of risk (life insurance) information and PlanTech's financial planning services	**100**	100
VisiPlan Pty Ltd (a)	Australia	No active operations	**100**	100
TransActive Systems Pty Ltd (a)	Australia	No active operations	**100**	100
Dealer Management Systems Pty Ltd (a)	Australia	No active operations	**100**	100
FundData Pty Ltd (a)	Australia	No active operations	**100**	100

(a) Currently in the process of liquidation as at 31 December 2013.

In relation to its South African wealth management operations, IRESS Wealth Management Pty Ltd holds the following controlled entities.

Name of entity	Country of incorporation	Principal activity	Ownership interest 2013 %	2012 %
IRESS Spotlight Wealth Management Solutions (RSA) Pty Ltd	Australia	Provision of financial planning technology and related services	**100**	100
IRESS Wealth Mngt (Pty) Ltd (a)	South Africa	Provision of financial planning technology and related services	**100**	100
Advicenet Advisory Services (Pty) Ltd (b)	South Africa	Provision of financial planning technology and related services	**100**	100
IRESS Wealth Management (RSA) (Pty) Ltd	South Africa	Dormant	**100**	100

(a) Formerly Spotlight Wealth Management (Pty) Ltd. This name change occurred on 8 May 2013.
(b) Advicenet Advisory Services (Pty) Ltd is a subsidiary of IRESS Wealth Mngt (Pty) Ltd.

IRESS Canada Holdings Limited holds the following controlled entities.

32 SUBSIDIARIES (CONTINUED)

Name of entity	**Country of incorporation**	**Principal activity**	**Ownership interest 2013 %**	**Ownership interest 2012 %**
IRESS (Ontario) Limited	Canada	Holding company	**100**	100
KTG Technologies Corp.	Canada	Dormant	**100**	100
IRESS Market Technology Canada LP	Canada	Provision of financial market technology and related services	**100**	100
IRESS (LP) Holdings Corp.	Canada	General partner to IRESS Market Technology Canada LP	**100**	100

IRESS Market Technology (Singapore) Pte Ltd holds the following controlled entity.

Name of entity	**Country of incorporation**	**Principal activity**	**Ownership interest 2013 %**	**Ownership interest 2012 %**
Sentryi Pte Ltd (a)	Singapore	Dormant	**-**	100

(a) Wound up pursuant to Members Voluntary Liquidation effective 19 June 2013.

IRESS Financial Markets (Pty) Ltd holds the following controlled entity.

Name of entity	**Country of incorporation**	**Principal activity**	**Ownership interest 2013 %**	**Ownership interest 2012 %**
Peresys Software Limited	Ireland	Provision of services to IRESS Financial Markets (Pty) Ltd	**100**	100

32 SUBSIDIARIES (CONTINUED)

Apollo III UK Holdings Limited holds the following controlled entities.

Name of entity	Country of incorporation	Principal activity	Ownership interest 2013 %	2012 %
Apollo III (UK) Limited	United Kingdom	Holding company	**100**	-
IRESS UK Holdings Limited	United Kingdom	Holding company which manages consolidated United Kingdom earnings and cash reserves	**100**	-
IRESS (Aus) Limited Partnership	Australia	Holding company	**100**	-

In relation to its United Kingdom operations, IRESS UK Holdings Limited holds the following controlled entities.

Name of entity	Country of incorporation	Principal activity	Ownership interest 2013 %	2012 %
IRESS (UK) Limited (a)	United Kingdom	Provision of financial planning technology and related services	**100**	-
IRESS FS Group Limited (b)	United Kingdom	Holding company	**100**	-
IRESS Portal Limited (c)	United Kingdom	Provision of financial planning technology and related services	**100**	-
TrigoldCrystal Limited	United Kingdom	Holding company	**100**	-
IRESS FS Limited (d)	United Kingdom	Provision of financial planning technology and related services and provision of Enterprise Software	**100**	-
IRESS Web Limited (e)	United Kingdom	Provision of financial planning technology and related services	**100**	-
IRESS Solutions Limited (f)	United Kingdom	Provision of financial planning technology and related services	**100**	-
IRESS Mortgage Services Limited (g)	United Kingdom	Provision of financial planning technology and related services	**100**	-

(a) Formerly Avelo FS Holdings Limited. This name change occurred on 31 October 2013.
(b) Formerly Avelo FS Group Limited. This name change occurred on 31 October 2013.
(c) Formerly Avelo Portal Limited. This name change occurred on 31 October 2013.
(d) Formerly Avelo FS Limited. This name change occurred on 31 October 2013.
(e) Formerly Avelo Web Solutions Limited. This name change occurred on 31 October 2013.
(f) Formerly Avelo Solutions Limited. This name change occurred on 31 October 2013.
(g) Formerly Avelo Trigold Limited. This name change occurred on 31 October 2013.

Within the IRESS group there are unsecured funding arrangements in place.

33 SUBSEQUENT EVENTS

To date there has not been any matter or circumstance that has arisen since the end of the financial year 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.

34 FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group is not subject to any regulatory capital requirements.

The Group's year end gearing ratio has been calculated as follows:

$$\frac{\text{Net debt}}{\text{Net debt + Total equity}}$$

During 2013, the Group’s strategy was to fund the strategic acquisition of the Avelo business through a mix of debt and equity to optimise the Group’s capital structure. Historically, the Group had not incurred debt. The gearing ratio at 31 December 2013 was follows:

	Consolidated	
	2013 $'000	**2012 $'000**
Net debt	116,557	N/A
Total equity	326,769	N/A
Gearing ratio	26.3%	N/A

(a) Net debt is measured as borrowings and derivative liabilities (Note 18) less cash and cash equivalents.

Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

(a) interest coverage restrictions; and
(b) ratio of debt to EBITDA.

The Group has complied with these covenants throughout the reporting period.

34 FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL RISK FACTORS

The Company and Group undertakes transactions in a limited range of financial instruments including cash assets and receivables.

These transactions and activities result in exposure to a number of financial risks, including market risk (interest rate risk, foreign currency risk), credit risk, and liquidity risk. These financial risks are managed such to mitigate inappropriate volatility of financial performance and maintain an optimal capital structure that provides returns for shareholders, provides benefits for other stakeholders and an appropriate cost of capital.

Details of foreign currency risk, liquidity risk, interest rate risk, credit risk and fair values are detailed below.

(a) FOREIGN CURRENCY RISK

The Consolidated Entity has exposures to movements in foreign currency rates, which can be viewed as:

(i) Conversion of each overseas entity results to their Australian dollar equivalent for financial reporting (Translation FX).
(ii) Transactions entered into by the entity which are denominated in a foreign currency (Transaction FX).

Translation FX does not result in foreign currency gains or losses in the profit or loss of the Group. Translation FX does impact the relative contribution attributed to the offshore entities in the Group's Australian dollar result, when assessed period on period. Accordingly, foreign currency movements will impact on the perceived performance of the company when viewed in Australian Dollars.

Transaction FX exposures arise where the entity sources services invoiced in a currency other than the entity's functional currency. For all entities in the Group other than the Company these exposures are relatively modest. The predominant exposure of the Company to Transaction FX arises from loans to wholly owned foreign subsidiaries which are denominated in currencies other than Australian Dollars.

These exposures are described in greater detail below.

(i) Conversion of overseas entities results to their Australian dollar equivalent for financial reporting (Translation FX) Entities within the Consolidated Entity transact in their local currencies, which differ from the Consolidated Entity's presentation currency of Australian Dollars. Whilst a movement in these local currencies when compared with the Australian Dollar does not impact underlying profit or loss (as differences are recognised in comprehensive income through the foreign currency translation reserve), movements do impact on the Australian Dollar equivalent reported earnings.

To assist users in understanding the impact exchange rate movements had on reported revenues from the year ended 31 December 2013 and 31 December 2012, the financial performance of business units (as set out in Note 26) can be viewed as follows:

34 FINANCIAL INSTRUMENTS (CONTINUED)

	LC (a)	LOCAL CURRENCY (b)		TOTAL (AUD) (c)	
		2013 $'000	2012 $'000	2013 $'000	2012 $'000
TOTAL SEGMENT REVENUES					
Australia & New Zealand - Financial Markets	AUD	107,018	108,756	107,018	108,756
Australia & New Zealand - Wealth Management	AUD	62,973	53,864	62,973	53,864
Canada	CAD	20,073	22,356	20,148	21,555
South Africa	ZAR	199,871	179,736	21,581	21,254
Asia	AUD	1,605	984	1,605	984
United Kingdom - Financial Markets	GBP	305	81	446	125
United Kingdom - Wealth Management	GBP	13,819	133	23,840	205
United Kingdom - Enterprise Solutions	GBP	7,470	-	13,015	-
Total of all segments				**250,626**	**206,743**

(a) LC is the local currency unit for the segment used in the management accounts. New Zealand results are not reported separately and instead are converted to AUD in the management accounts. For the Company's Asia operations, the two primary underlying currencies are SGD and HKD, but these are not reported separately in the management accounts and instead are converted to AUD.
(b) These are the segment revenues as reflected in the management accounts.
(c) Reported segment revenues as reflected in Note 26.

(ii) Transactions entered into by the entity which are denominated in a foreign currency (Transaction FX)

Foreign currency risk refers to the risk that the value of a recognised asset or liability, or the future value of a foreign currency denominated income stream, will fluctuate due to changes in foreign currency rates.

The predominant exposure of the Company to foreign currency risk arises primarily from loans to wholly owned foreign subsidiaries. These investments can give rise to realised and unrealised gains and losses in the Company due to loans to subsidiaries with the following currencies, Canadian dollar, New Zealand dollar, South African rand, Singapore dollar, Hong Kong dollar and the Pound Sterling.

In addition, two foreign currency swaps have been entered into by the Company. These swaps partially convert the external borrowings into Pound Sterling which was on-lent to partially fund the acquisition of Avelo.

34 FINANCIAL INSTRUMENTS (CONTINUED)

Net subsidiary intercompany balances by currency	Total Local Currency 2013 '000	2012 '000
Payable / (receivable) by parent company		
AUD	**261,939**	14,879
NZD	**465**	515
CAD	**4,142**	5,077
ZAR	**-**	32,665
SGD	**6,016**	4,617
HKD	**1,923**	607
GBP	**3,941**	1,150

With the exception of the two Pound Sterling swaps entered into by the Company, the Group does not hedge the effect of the exchange rate movements on these loans. These loans are interest bearing (refer Note 35).

The carrying value of the Company's intercompany receivables or payables is based on the prevailing exchange rates at year end and unrealised gains and losses arise from movements in the subsidiaries' local currency.

Group foreign currency exposure

The Group is primarily exposed to changes in the AUD/GBP exchange rate arising on the foreign currency derivatives detailed in Note 18. The primary currency risk for subsidiaries of the Group is the underlying local currency for that subsidiary. In assessing foreign currency risk management, trade receivables and payables are materially incurred in the underlying local currency.

A material enduring change in relative exchange rates could have a significant effect on the Australian dollar equivalent value of these operations.

The sensitivity of profit or loss to changes in the exchange rates arises mainly from GBP forward exchange contracts that are marked to market in the income statement each period and internal funding arrangements between its Australian and United Kingdom subsidiaries, the net effect is moderated profit and loss exposure as these transactions largely offset each other. The Group does not apply hedge accounting for these derivative contracts. The internal funding arrangements are not regarded as being in place for the foreseeable future.

34 FINANCIAL INSTRUMENTS (CONTINUED)

Consolidated	Impact on pre tax profit 2013 $'000	2012 $'000	Impact on other components of equity 2013 $'000	2012 $'000
Foreign currency derivative				
GBP/AUD exchange rate - increase 1%	(717)	-	-	-
GBP/AUD exchange rate - decrease 1%	717	-	-	-
Internal funding arrangements				
GBP/AUD exchange rate - increase 1%	1,225	-	-	-
GBP/AUD exchange rate - decrease 1%	(1,225)	-	-	-

Profit is more sensitive to movements in the Australian dollar/GBP exchange rates in 2013 than 2012 due to the forward exchange contracts entered into in connection with the funding of the Avelo acquisition during the year. The Group's exposure to other foreign exchange movements is not material.

The Group regularly reassesses market conditions, the financial risk, the terms of these loans, and the appropriateness of mitigating exposure using hedges such to optimise return on capital.

(b) LIQUIDITY RISK

Liquidity risk includes the risk that, as a result of deficiencies in managing operational liquidity, the Company has insufficient funds to settle a transaction; or it is forced to sell financial assets at a value less than what they are worth.

The Group's liquidity is regularly monitored. The Group's financial liabilities comprised trade payables and other creditors, which are non-interest bearing liabilities, and external debt and derivative liabilities, which are interest bearing. Refer to Note 18 for details regarding contractual maturity of facilities, interest bearing non-current bank loans and related swap.

The following table details the Group's exposure to liquidity risk as at 31 December 2013.

	Weighted Average Effective Interest Rate %	1 month to 3 months $'000	3 months to 1 Year $'000	1 Year to 5 Years $'000	More than 5 Years $'000	Total $'000
Financial Liabilities						
Current trade payables	-	21,109	-	-	-	21,109
Sundry creditors and accruals	-	-	17,451	-	-	17,451
Tax payable	-	-	3,902	-	-	3,902
Provisions	-	-	10,173	5,790	-	15,963
External debt (a)	4.3	-	-	177,326	-	177,326
Swap Liability	-	-	-	10,636	-	10,636
		21,109	31,526	193,752	-	246,387

(a) Effective blended interest rate of funding. Bank loans 5.37%, Derivative liabilities 3.82%.

The following table details the Group's exposure to liquidity risk as at 31 December 2012.

34 FINANCIAL INSTRUMENTS (CONTINUED)

(b) LIQUIDITY RISK (CONTINUED)

	Weighted Average Effective Interest Rate %	1 month to 3 months $'000	3 months to 1 Year $'000	1 Year to 5 Years $'000	More than 5 Years $'000	Total $'000
Financial Liabilities						
Current trade payables	-	8,309	-	-	-	8,309
Sundry creditors and accruals	-	-	6,075	-	-	6,075
Tax payable	-	-	3,503	-	-	3,503
Provisions	-	-	3,956	6,462	-	10,418
External debt (a)	-	-	-	-	-	-
Swap Liability	-	-	-	-	-	-
		8,309	13,534	6,462	-	28,305

(c) INTEREST RATE RISK

The cash of the Group comprises highly liquid deposits, generally bank deposits, which earn interest at a variable rate.

Liabilities of the Group subject to interest rate risk are non-current bank loans which incur interest.

Sensitivity of cash deposits to movements in the interest rate can be demonstrated using assumptions that are not necessarily relevant to the future financial position of the Company, and assuming a constant deposit amount based on 31 December 2013 year end balances. The effect of a change in the interest rate, interest income and reported financial performance is as follows:

MOVEMENT IN INTEREST RATE	CONSOLIDATED $'000
1%	$709
(1%)	($709)

The Group regularly reassesses market conditions, the financial risk, and the terms of deposits so as to optimise return on capital.

(d) CREDIT RISK

Credit risk refers to the risk a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group (other than in relation to loans with wholly owned subsidiaries) does not have any significant credit risk to any single counterparty or group of counterparties having similar characteristics.

The Company has a material exposure through receivables to clients in the financial services and wealth management industries. The Company actively manages this exposure.

Credit risk on cash and cash equivalent instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial report, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

34 FINANCIAL INSTRUMENTS (CONTINUED)

(e) HEDGING AND USE OF DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period. The Group's policy is to hedge significant transactions as determined by the Board. Hedging is not undertaken for transactions in the ordinary course of business.

The Company has a material exposure through receivables to clients in the financial services and wealth management industries. The Company actively manages this exposure.

The only hedge designation undertaken by the Group in 2013 was a cash flow hedge of the foreign currency risk on the acquisition of the Avelo business (2012: n/a). There are no derivatives outstanding in a hedge relationship at 31 December 2013 (2012: nil).

(f) FAIR VALUE

The carrying amount of financial assets and financial liabilities for the Company and Group recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

Fair value hierarchy

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 in 2013 carried at fair value on a recurring basis were the forward exchange contract derivatives set out in Note 18 (2012: n/a). These derivatives would be characterised as Level 2.

Due to the short term nature of the trade and other receivables, their carrying amount is assumed to be the same as their fair value. For the majority of the non-current receivables, the fair values are also 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 2013 (2012: nil). There are no significant unobservable inputs used in the Group's valuation model.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2013 (2012: nil).

Valuation techniques used to measure fair value

Level 1:

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

34 FINANCIAL INSTRUMENTS (CONTINUED)

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.

Level 3:

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- The fair value of other financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2.

There were no transfers between the levels of the fair value hierarchy for 2013 or 2012. There were no changes made during the year to any of the valuation techniques applied as of 31 December 2013.

35 RELATED PARTY TRANSACTIONS

(a) EQUITY INTERESTS IN RELATED PARTIES

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 32 to the financial statements.

(b) KEY MANAGEMENT PERSONNEL

Details of Key Management Personnel disclosures are set out in Note 36 to the financial statements.

(c) TRANSACTIONS WITHIN THE WHOLLY OWNED GROUP

The wholly owned group includes:

- the ultimate parent entity in the wholly owned group; and
- wholly owned subsidiaries.

The ultimate parent entity in the wholly owned group is IRESS Limited.

All loans advanced to and payable to subsidiaries are unsecured and in some instances subordinate to other liabilities.

During the financial year, the Group recognised a net payable of $2,668,957 (2012: payable of $2,000,013) from its wholly owned subsidiaries for their taxes consolidated for the current period.

The Company has a series of arrangements with subsidiaries which support the basis on which charges between entities are made.

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) TRANSACTIONS WITH OTHER RELATED PARTIES

During the year, IRESS Wealth Management (Pty) Ltd rented premises at commercial rates from Spotlight House (Pty) Ltd, an entity associated with P Moretonas, an employee of IRESS Wealth Management (Pty) Ltd. The amount paid was $165,046 (2012: $138,909) or in local currency terms ZAR 1,528,938 (2012: ZAR 1,175,987).

(e) TRANSACTIONS WITH ASX LIMITED

ASX Limited ('ASX') owns 30,581,386 of the ordinary shares in IRESS. ASX is a major supplier of Australian equity market data to IRESS.

All transactions with ASX are conducted on a full arm's length basis.

Total fees paid to ASX for Australian equity and related market data and associated services in 2013 were $10,377,731 (2012: $11,573,487). Depending on the particular data set or service being subscribed for, these fees are typically based on either:

- a per user royalty type charge; or
- a fixed annual amount.

IRESS, as a listed entity on the Australian Securities Exchange, pays ASX listing and other related fees at the scheduled rate.

36 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) DIRECTORS AND KEY MANAGEMENT PERSONNEL

The Directors of IRESS Limited were:

- P Dunai (Chairman, Member of the Nomination and Remuneration Committee);
- A Walsh (CEO and Chief Executive Officer and Managing Director);
- J Seabrook (Non-Executive Director, Lead Independent Director, Chair of Nomination and Remuneration Committee, Member of the Audit Committee);
- J Cameron (Non-Executive Director, Member of the Nomination and Remuneration Committee);
- J Hayes (Non-Executive Director, Chairman of the Audit Committee); and
- A D'Aloisio (Non-Executive Director, Member of the Audit Committee);

The Executives of the IRESS Limited Group during the financial year were:

- S Barnes (Chief Operating Officer);
- S Bland (Chief Financial Officer);
- P Ferguson (Group General Counsel and Company Secretary);
- J Milton (Group Executive, Human Resources); and
- D Walker (Chief Technical Officer).

The Board reviews the remuneration package of the CEO and Managing Director on an annual basis, this remuneration package is reviewed and adjusted by a performance factor to reflect changes in the performance of the Company.

The Nomination and Remuneration Committee, in accordance with the Company's Nomination and Remuneration Charter reviews the remuneration packages of all Executives on an annual basis. Remuneration packages are reviewed and adjusted by a performance factor to reflect changes in the performance of the Company.

36 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

The Non-Executive Directors are appointed in accordance with the Company's constitution, with Directors required to stand for re-election every three years. No termination payments arise should a Non-Executive Director resign, retire or fail to be re-elected. Termination payments would arise should Directors elect to terminate this arrangement prior to expiry. Typically, the minimum notice period for any Executive is three months, and the maximum is six months. Except for termination payments arising from the circumstances outlined below, payments arising at the discretion of the Board, or payments in lieu of notice, no termination payments are payable to Executives. Further details on employment terms for Executives are set out on pages 57 and 58.

Contractual terms associated with the employment of the CEO and Executives could, in certain circumstances, give rise to additional future payments particularly with regard to situations involving redundancy or termination without cause.

The aggregate compensation of the Key Management Personnel of the Group and the Company is set out below.

	Consolidated	
	2013	2012
	$	$
Short-term employee benefits	**4,018,998**	3,196,057
Post-employment benefits	**186,908**	162,343
Long-term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**1,772,630**	1,769,565
	5,978,536	5,127,965

36 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(b) DIRECTOR AND KEY MANAGEMENT PERSONNEL EQUITY HOLDINGS

Share holdings

Fully paid ordinary shares issued by IRESS Limited to Directors and Key Management Personnel or to a related party of them.

2013	Balance at the start of the year	Received during the year on the exercise of performance rights	Received on vesting of rights to deferred shares	Acquired on accelerated renounceable rights offer	Other changes during the year	Balance at end of the year
Directors						
P Dunai	900,000	-	-	-	-	900,000
A Walsh	172,950	77,813	30,000	22,758	-	303,521
J Seabrook	30,000	-	-	6,667	-	36,667
J Cameron	20,000	-	-	6,668	10,000	36,668
J Hayes	10,200	-	-	2,267	-	12,467
A D'Aloisio	8,050	-	-	1,789	-	9,839
Key Executives						
S Barnes	-	-	-	-	-	-
S Bland	299,830	19,727	10,290	-	(26,756)	303,091
P Ferguson	-	-	-	-	-	-
J Milton	-	-	-	-	-	-
D Walker	482,930	19,727	10,290	116,520	(57,077)	572,390

2012	Balance at the start of the year	Received during the year on the exercise of performance rights	Received on vesting of rights tor deferred shares	Acquired on accelerated enounceable rights offer	Other changes during the year	Balance at end of the year
Directors						
P Dunai	890,000	-	-	-	10,000	900,000
A Walsh	71,950	93,000	-	-	8,000	172,950
J Seabrook	20,000	-	-	-	10,000	30,000
J Cameron	-	-	-	-	20,000	20,000
J Hayes	4,600	-	-	-	5,600	10,200
A D'Aloisio	-	-	-	-	8,050	8,050
Key Executives						
S Barnes	-	-	-	-	-	-
S Bland	270,390	39,630	-	-	(10,190)	299,830
P Ferguson	-	-	-	-	-	-
J Milton	-	-	-	-	-	-
D Walker	471,260	37,670	-	-	(26,000)	482,930

36 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

Performance rights

Performance Rights issued by IRESS Limited to Directors and Key Management Personnel, or to a related party of them.

2013	Opening unvested balance	Granted as compen-sation	Vested during the period (b)	Cancelled during the period	Closing unvested balance
Directors (a)					
A Walsh	585,000	130,000	(77,813)	(47,187)	590,000
Key Executives					
S Barnes	25,100	20,680	-	-	45,780
S Bland	109,950	23,860	(19,727)	(11,963)	102,120
P Ferguson	15,970	12,920	-	-	28,890
J Milton	-	-	-	-	-
D Walker	116,070	25,840	(19,727)	(11,963)	110,220

2012	Opening unvested balance	Granted as compen-sation	Vested during the period (b)	Cancelled during the period	Closing unvested balance
Directors (a)					
A Walsh	525,000	160,000	(64,000)	(36,000)	585,000
Key Executives					
S Barnes	-	25,100	-	-	25,100
S Bland	108,730	47,220	(29,440)	(16,560)	109,950
P Ferguson	-	15,970	-	-	15,970
D Walker	106,400	51,670	(26,880)	(15,120)	116,070

(a) During the year, other than as noted above, there were no outstanding performance rights issued to Directors or a related party of them.
(b) Upon vesting, performance rights are exercisable. All performance rights which vested during the relevant year were exercised prior to the year end in both 2013 and 2012.

Details of the terms and conditions of the Employee Performance Rights plan are set out in Note 38.

No amounts remain outstanding on performance rights exercised during the year.

36 KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

Deferred shares / Deferred share rights

Deferred shares / deferred share rights issued by IRESS Limited to Directors and Key Management Personnel, or to a related party of them (a).

2013	**Opening unvested balance**	**Granted as compen-sation**	**Vested during the period**	**Closing unvested balance**
Directors (a)				
A Walsh	95,000	55,000	(30,000)	120,000
Key Executives				
S Barnes	20,320	16,220	-	36,540
S Bland	24,440	18,800	(10,290)	32,950
J Milton	-	54,981	-	54,981
P Ferguson	12,930	15,740	-	28,670
D Walker	25,770	19,980	(10,290)	35,460

2012	**Opening unvested balance**	**Granted as compen-sation**	**Vested during the period**	**Closing unvested balance**
Directors (a)				
A Walsh	59,000	65,000	(29,000)	95,000
Key Executives				
S Barnes	-	20,320	-	20,320
S Bland	20,480	14,150	(10,190)	24,440
P Ferguson	-	12,930	-	12,930
D Walker	21,080	15,480	(10,790)	25,770

(a) During the year, other than as noted above, there were no outstanding deferred shares or deferred share rights issued to Directors or a related party of them. All Directors and Executives received deferred shares.

(c) OTHER TRANSACTIONS WITH DIRECTORS AND KEY MANAGEMENT PERSONNEL

During the year, there were no transactions with Directors or Key Management Personnel or their related parties other than transactions associated with the Director's or Key Management Personnel's compensation or equity holdings, which impacted on profit from ordinary activities before income tax, assets or liabilities.

37 SHARE-BASED PAYMENTS

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

- the Employee Performance Rights Plan;
- the General Employee Share Plan;
- the Employee Deferred Share Plan; and
- the Employee Deferred Share Rights Plan.

Summaries of the rules governing the above plans are set out in Notes 38 to 40 respectively.

37 SHARE-BASED PAYMENTS (CONTINUED)

(a) MAY 2013 GRANTS

Effective from 7 May 2013, the Board issued share grants with a fair value of $9,282,993 (2012: $14,066,153) made up as follows:

- 130,000 and 55,000 (2012: 160,000 and 65,000) performance rights and deferred shares respectively to the Chief Executive Officer and Managing Director;
- 83,300 and 65,580 performance rights and deferred shares respectively (2012: 333,490, 142,090 and 17,580 performance rights, deferred shares and deferred share rights respectively) to Executives;
- 165,810, 727,874 and 67,820 (2012: 68,160, 806,150 and 76,610) performance rights, deferred shares and deferred share rights respectively to employees of the Group; and
- In 2012, 333,361 and 581,212 deferred shares and deferred share rights respectively to certain employees in the United Kingdom associated with the establishment of the Group's operations in the United Kingdom (UK Establishment Share Grants. There were no share grants of that description in 2013.

Deferred Shares and Deferred Share Rights will, subject to the satisfaction of individual performance criteria, vest in 2 and 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 series 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 Employee Performance Rights Plan:

- 65,000 performance rights with measurement commencing May 2013 (2012: 80,000 measurement commencing May 2012)
- 65,000 performance rights with measurement commencing May 2014 (2012: 80,000 measurement commencing May 2012)

Performance Rights issued to Executives, subject to the satisfaction of the peer group performance criteria, will vest in 3 years in accordance with the Employee Performance Rights Plan. Only 3 year deferred shares grants were made to Executives in 2013.

(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. 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 $1,115,508 or 13.8% of the Group's total 2013 share based payment expense (2012: $1,657,474 or 19.9%).

(c) FAIR VALUE OF SHARE RIGHTS AVAILABLE DURING THE YEAR

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.

37 SHARE-BASED PAYMENTS (CONTINUED)

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

	Unvested as at 1 January 2013 or Granted during the year '000	**Vested '000**	**Cancelled / Lapsed '000**	**Unvested 31 December 2013 '000**
Director - Andrew Walsh				
2010 MD PR	125	(78)	(47)	-
2011 MD1 PR	150	-	-	150
2011 MD2 PR - 4Yr	150	-	-	150
2011 MD DS	30	(30)	-	-
2012 MD1 PR - 4Yr	80	-	-	80
2012 MD2 PR - 4Yr	80	-	-	80
2012 DS - 3Yr	65	-	-	65
2013 MD PR1 - 4Yr	65	-	-	65
2013 MD PR2 - Deferred	65	-	-	65
2013 MD DS	55	-	-	55

	2013 Number of performance rights	2012 Number of performance rights
Performance rights		
Balance at beginning of year	**585,000**	525,000
Granted during the year	**130,000**	160,000
Realisable during the year	**(77,813)**	(64,000)
Cancelled during the year	**(47,187)**	(36,000)
Balance at end of year	**590,000**	585,000

	2013 Number of deferred shares	2012 Number of deferred shares
Deferred shares		
Balance at beginning of year	**95,000**	59,000
Granted during the year	**55,000**	65,000
Realisable during the year	**(30,000)**	(29,000)
Balance at end of year	**120,000**	95,000

37 SHARE-BASED PAYMENTS (CONTINUED)

	2013 Number of deferred shares rights	2012 Number of deferred shares rights
Deferred share rights		
Balance at beginning of year	**-**	-
Granted during the year	**-**	-
Realisable during the year	**-**	-
Cancelled during the year	**-**	-
Balance at end of year	**-**	-

	Unvested as at 1 January 2013 or Granted during the year '000	**Vested '000**	**Cancelled / Lapsed '000**	**Unvested 31 December 2013 '000**
Executives				
2010 PR	63	(39)	(24)	-
2011 PR	64	-	-	64
2011 DS	21	(21)	-	-
2012 PR	140	-	-	140
2012 DS - 3 Yr	63	-	-	63
2013 PR	83	-	-	83
2013 DS - 3 Yr	66	-	-	-
2013 DSR Extra	5	-	-	1

	2013 Number of performance rights	2012 Number of performance rights
Performance rights		
Balance at beginning of year	**267,090**	215,130
Granted during the year	**83,300**	139,960
Realisable during the year	**(39,454)**	(56,320)
Cancelled during the year	**(23,926)**	(31,680)
Balance at end of year	**287,010**	267,090

	2013 Number of deferred shares	2012 Number of deferred shares
Deferred shares		
Balance at beginning of year	**83,460**	41,560
Granted during the year	**65,580**	62,880
Realisable during the year	**(20,580)**	(20,980)
Balance at end of year	**128,460**	83,460

37 SHARE-BASED PAYMENTS (CONTINUED)

	2013 Number of deferred shares rights	2012 Number of deferred shares rights
Deferred share rights		
Balance at beginning of year	**-**	-
Granted during the year	**5,160**	-
Realisable during the year	**-**	-
Cancelled during the year	**-**	-
Balance at end of year	**5,160**	-

	Unvested as at 1 January 2013 or Granted during the year '000	**Vested '000**	**Cancelled / Lapsed '000**	**Unvested 31 December 2013 '000**
Staff				
2010 PR	146	(91)	(55)	-
2011 PR	160	-	-	160
2011 DSR	62	(62)	-	-
2011 DS	479	(474)	(5)	-
2012 PR	262	-	-	262
2012 DSR	23	-	(1)	22
2012 DSR - 3 Yr	67	-	(1)	66
2012 DS	254	-	(14)	240
2012 DS - 3 Yr	614	-	(24)	591
2013 PR	166	-	-	166
2013 DSR	68	-	(1)	67
2013 DS - 1 Yr	1	-	-	1
2013 DS - 2 Yr	1	-	-	1
2013 DS - 3 Yr	697	-	(23)	674
2013 GESP	29	(1)	-	28
2013 DSR Extra	46	-	-	46

	2013 Number of performance rights	2012 Number of performance rights
Performance rights		
Balance at beginning of year	**567,420**	504,160
Granted during the year	**165,810**	261,690
Realisable during the year	**(90,967)**	(71,040)
Cancelled during the year	**(55,163)**	(127,390)
Balance at end of year	**587,100**	567,420

37 SHARE-BASED PAYMENTS (CONTINUED)

	2013 Number of deferred shares	2012 Number of deferred shares
Deferred shares		
Balance at beginning of year	**1,347,760**	1,016,610
Granted during the year	**727,874**	885,360
Realisable during the year	**(475,590)**	(485,510)
Cancelled during the year	**(65,914)**	(68,700)
Balance at end of year	**1,534,130**	1,347,760

	2013 Number of deferred shares rights	2012 Number of deferred shares rights
Deferred share rights		
Balance at beginning of year	**152,390**	141,090
Granted during the year	**114,200**	94,190
Realisable during the year	**(61,920)**	(65,410)
Cancelled during the year	**(2,760)**	(17,480)
Balance at end of year	**201,910**	152,390

	Unvested as at 1 January 2013 or Granted during the year '000	**Vested '000**	**Cancelled / Lapsed '000**	**Unvested 31 December 2013 '000**
UK Establishment Share Grant				
2012 DSR - 1Yr	167	(139)	(28)	-
2012 DS - 1 Yr	46	(37)	(9)	-
2012 DSR	130	-	(28)	102
2012 DS	58	-	(12)	46
2012 DSR - 3Yr	137	-	(28)	109
2012 DS - 3 Yr	69	-	(13)	56
2012 DSR - 4Yr	147	-	(37)	110
2012 DS - 4Yr	161	-	(40)	121

	2013 Number of performance rights	2012 Number of performance rights
Performance rights		
Balance at beginning of year	**-**	-
Granted during the year	**-**	-
Realisable during the year	**-**	-
Cancelled during the year	**-**	-
Balance at end of year	**-**	-

37 SHARE-BASED PAYMENTS (CONTINUED)

	2013 Number of deferred shares	2012 Number of deferred shares
Deferred shares		
Balance at beginning of year	**333,361**	-
Granted during the year	**-**	333,361
Realisable during the year	**(36,681)**	-
Cancelled during the year	**(74,553)**	-
Balance at end of year	**222,127**	333,361

	2013 Number of deferred shares rights	2012 Number of deferred shares rights
Deferred share rights		
Balance at beginning of year	**581,212**	-
Granted during the year	**-**	581,212
Realisable during the year	**(138,901)**	-
Cancelled during the year	**(120,942)**	-
Balance at end of year	**321,369**	581,212

Unless specified in the above table, DS and DSR have a two year term, and PR have a 3 year term.

The following table reconciles the total Performance rights outstanding at the beginning and end of the year.

	2013 Number of performance rights	2012 Number of performance rights
Performance rights		
Balance at beginning of year	**1,419,510**	1,244,290
Granted during the year	**379,110**	561,650
Realisable during the year	**(208,234)**	(191,360)
Cancelled during the year	**(126,276)**	(195,070)
Balance at end of year	**1,464,110**	1,419,510

37 SHARE-BASED PAYMENTS (CONTINUED)

	2013 Number of deferred shares	2012 Number of deferred shares
Deferred shares		
Balance at beginning of year	**1,859,581**	1,117,170
Granted during the year	**848,454**	1,346,601
Realisable during the year	**(562,851)**	(535,490)
Cancelled during the year	**(140,467)**	(68,700)
Balance at year end	**2,004,717**	1,859,581

	2013 Number of deferred shares rights	2012 Number of deferred shares rights
Deferred shares rights		
Balance at beginning of year	**733,602**	141,090
Granted during the year	**119,360**	675,402
Realisable during the year	**(200,821)**	(65,410)
Cancelled during the year	**(123,702)**	(17,480)
Balance at end of year	**528,439**	733,602

38 SUMMARY OF THE EMPLOYEE PERFORMANCE RIGHTS PLAN

On 7 May 2003, the IRESS Employee Performance Rights Plan (the PR Plan) was established to assist in the attraction, retention and motivation of employees of the Company. This plan was modified on 26 March 2008 following the creation of the IRESS Market Technology Equity Plan Trust (the Trust).

The key terms of the PR Plan are set out below.

(a) GENERAL RULES

(i) The PR Plan is open to full-time and part-time employees of an entity in the IRESS group.

(ii) The Board will determine the quantum of performance rights issued under the PR Plan.

(iii) The total number of unvested performance rights together with all other shares outstanding under the various employee share plans, must not exceed 5% of the total number of issued shares in that class at the time of the offer.

(iv) The PR Plan will be administered by the trustee in accordance with the instructions of the Board. The Board may make further rules for the operation of the PR Plan which are consistent with the PR Plan.

(v) The PR Plan provides for the possibility of accelerated vesting of performance rights upon the occurrence of a specified ‘event’ (such as a takeover is made for the Company, a scheme of arrangement is proposed or the Company is wound up).

(vi) Performance rights lapse in certain circumstances, including where:
  (a) the performance criteria have not been satisfied within the required time period;
  (b) vested performance rights expire; or
  (c) an employee or consultant ceases their employment with the Company. Refer to a) below for further details.

38 SUMMARY OF THE EMPLOYEE PERFORMANCE RIGHTS PLAN (CONTINUED)

(vii) Where an employee leaves the Company, other than for a qualifying reason, all unvested rights lapse. Where an employee leaves the Company as a result of a qualifying reason, performance rights granted in the last six months lapse but remaining unvested rights vest on a pro-rata basis having regard to the period which has elapsed between the issue of the performance rights to the employee and the employee leaving the Company. Finally, where in the Board's view there are special circumstances under which it would be unfair not to allocate shares or the cash equivalent to a departing employee, the Board has the capacity to make such an allocation of shares or cash.

(viii) The quantum of performance rights issued to an employee under the PR Plan are modified in accordance with standard industry adjustments to reflect:
(a) a bonus issue; or
(b) a reconstruction of the Company's issued capital.

(ix) Performance rights will not be quoted on the ASX, however upon issuance of shares in accordance with the PR Plan rules, the Company will immediately apply for quotation of those shares on the ASX.

(x) The exercise price for a performance right holder to subscribe for and be allotted, credited as fully paid, shares arising under the Plan, is $1, irrespective of the number of performance rights exercised on the applicable day. The $1 fee is payable each time a performance right holder subscribes for shares under the Plan.

(xi) During the ‘restriction period’, any share provided on the exercise of a performance right is held on trust by the trustee. In addition to other restrictions the Board considers necessary to give effect to the restrictions, it may place a holding lock on these shares.

(xii) Shares may be withdrawn from the Trust upon the submission and approval of a valid 'withdrawal notice'.

(b) PERFORMANCE CRITERIA

The following performance criteria shall apply to performance rights issued under the PR Plan.

(i) Performance ranking

The Company’s performance ranking for a performance period is determined by reference to the total shareholder return of the Company during the performance period as compared to the total shareholder return for each company in a peer group of companies. The peer group of companies comprises the top 200 companies listed in the S&P/ASX 200 companies index after excluding mining companies and listed property trusts. A peer company must have been in the S&P/ASX 200 companies index for the entire performance period (i.e. new entrants and companies dropping out of the S&P/ASX 200 companies index are excluded). The Company’s ranking within that group of companies at the end of the relevant performance period determines the number of performance rights in the particular series that become exercisable (if any) on the following basis.

Performance Ranking Range	Number of Performance Rights Exercisable
Below 50th percentile	50% of the rights in the series available to be exercised.
51st percentile to 74th percentile	Rights available in the series available to be exercised will be determined on a pro–rata basis between 50% and 100% depending on the Company’s percentile performance ranking.
75th percentile or higher	100% of rights in the series available to be exercised.

38 SUMMARY OF THE EMPLOYEE PERFORMANCE RIGHTS PLAN (CONTINUED)

Total shareholder return in respect of a company in a performance period, is the increase in the value of a shareholder's investment in that company during the performance period, on the basis that all dividends and other returns grossed up for franking credits, are immediately reinvested in the Company, at the closing price for the shares on the payment date of the dividend or other return.

(ii) Series
Performance rights granted in 2005 and subsequent years become available for exercise at the end of the third year based on the Company's performance ranking for the performance period. Grants to the CEO have a four year term, where a portion have a one year deferred start date for measuring the TSR

Performance rights granted in prior periods were eligible for exercise in series over three years.

(iii) Performance
For performance rights granted in 2005 and subsequent years the performance period is the period commencing on the commencement date and ending three years after the commencement date.

(c) TERMS OF THE RIGHTS

(i) Rights may be exercised during a two year period from the date on which they become exercisable and to the extent they are not exercised within that period they will lapse.
(ii) Should the performance criteria not be met in the performance period for that series, the Company's ranking will be retested on a monthly basis for up to 6 months after the end of the performance period for that series.

39 SUMMARY OF THE EMPLOYEE DEFERRED SHARE PLAN

On 26 March 2008, the IRESS Employee Share Plan (the Deferred Share Plan) was established. The Deferred Share plan is broadly similar in operation to the Employee Performance Rights Plan outlined in Note 38.

Key areas of difference are as follows.

(a) GENERAL RULES

(i) No exercise price is payable for a deferred share holder to subscribe for and be allotted, credited as fully paid, shares arising under the Plan;

(ii) Participants are eligible to receive dividends and vote during the vesting period; and

(iii) The vesting term and performance criteria are stipulated in the individual offering.

(b) VESTING TERM AND CRITERIA

Deferred shares granted prior to 2012 have a two year vesting period, and performance criteria requiring satisfactory individual performance during the vesting period. There is no benchmarking against an external peer group of companies with graduated vesting based on relative ranking, as is the case for performance rights.

Deferred shares issued in 2012 as part of the UK Establishment Share Grants have specific vesting criteria associated with the establishment of these businesses in the region.

40 SUMMARY OF THE EMPLOYEE DEFERRED SHARE RIGHTS PLAN

On 26 March 2008, the IRESS Employee Deferred Share Rights Plan (the Deferred Share Rights Plan) was established. The Deferred Share Rights plan is very similar in operation to the Deferred Share Plan outlined in Note 39.

Key areas of difference are as follows.

40 SUMMARY OF THE EMPLOYEE DEFERRED SHARE RIGHTS PLAN (CONTINUED)

(a) GENERAL RULES

(i) Participants are not eligible to receive dividends or vote during the vesting period.

(ii) The vesting term and performance criteria are stipulated in the individual offering.

(b) VESTING TERM AND CRITERIA

Deferred shares rights granted prior to 2012 have a two year vesting period, and performance criteria requiring satisfactory individual performance during the vesting period. As with deferred shares, there is no benchmarking against an external peer group of companies or graduated vesting based on relative ranking, as is the case for performance rights.

Deferred share rights issued in 2012 as part of the UK Establishment Share Grants have specific vesting criteria associated with the establishment of these businesses in the region.

41 SUMMARY OF THE IRESS NON-EXECUTIVE DIRECTOR SHARE PLAN

The IRESS Non-Executive Directors share plan ('NED Plan') was established following the Company's Annual General Meeting in May 2008. As at 31 December 2013, and at the date of this report, no shares have been issued under the NED plan. The key terms of the NED Plan are set out below.

(a) GENERAL RULES

(i) Participation in the NED Plan is voluntary.

(ii) The maximum proportion of a participating Non-Executive Director's remuneration which may be provided in the form of shares is 50%.

(iii) It is currently proposed that shares will be allocated to participants for prescribed periods (either quarterly or half-yearly) and in advance. If a participating Director ceases to hold office during this period he or she will forfeit a pro rata portion of shares for that period.

(iv) Once allocated, the shares will be held in trust on behalf of participating Directors in accordance with the terms of the NED Plan until the earlier of:

- (a) a prescribed period from the date of allocation;
- (b) cessation of office; or
- (c) the occurrence of a specified 'event' (such as a takeover is made for the Company, a scheme of arrangement is proposed or the Company is wound up).

(v) During this period, participating Directors will not be able to sell or otherwise deal in the shares.

(vi) While the shares are held on trust, participating Directors will be entitled to dividends and voting rights and may enjoy other rights accruing to the shares in common with other shareholders (e.g. rights to participate in bonus and rights issues).

(vii) If shares are not able to be provided to a participating Director for any reason (e.g. because of legal impediments applicable at the time), cash will be provided instead.

ADDITIONAL SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 31 January 2014.

A. DISTRIBUTION OF MEMBERS AND THEIR HOLDINGS

Size of Holding	Number Of Ordinary Shareholders	Shares	Number of Performance Rights Holders	Number of Deferred Share Holders	Number of Deferred Share Rights Holders
1 - 1000	2,104	1,036,481	-	164	6
1,001 - 5,000	2,818	7,031,761	-	138	21
5,001 - 10,000	649	4,525,722	-	53	5
10,001 - 100,000	439	9,939,534	15	47	8
100,001 and over	44	136,051,628	3	1	2
	6,054	158,585,126	18	403	42

Number of shareholders with less than a marketable parcel - 144.

B. ORDINARY SHARE CAPITAL

- 158,585,126 fully paid ordinary shares are held by 6,054 shareholders.
- All issued ordinary shares carry one vote per share held

C. SHARE RIGHTS

- 1,464,110 performance rights held by 18 individual holders
- 2,004,717 deferred shares held by 403 individual holders
- 528,439 deferred shares rights held by 42 individual holders
- Only deferred shares carry a right to vote.

D. TREASURY SHARES

- 241,721 treasury shares.
- Treasury shares have the right to vote and would be voted in accordance with the recommendation of the Directors.

E. SUBSTANTIAL SHAREHOLDERS

	Number held	Percentage
ASX Limited	30,581,386	19.28%
Hyperion Asset Management Limited	20,268,165	12.78%
Vinva Investment Management Limited	9,727,593	6.13%
Total	**60,577,144**	**38.19%**

F. TWENTY LARGEST SHAREHOLDERS OF QUOTED EQUITY SECURITIES

	Ordinary shares	
Name	Number held	Percentage of issued shares
ASX Limited	30,581,386	19.28%
JP Morgan Nominees Australia Limited	27,896,061	17.59%
National Nominees Limited	21,571,346	13.60%
HSBC Custody Nominees (Australia) Limited	11,144,023	7.03%
Citicorp Nominees Pty Limited	8,661,956	5.46%
JP Morgan Nominees Australia Limited <Cash Income A/C>	6,877,920	4.34%
Pacific Custodians Pty Limited <Equity Plans Trust A/C>	5,818,245	3.67%
BNP Paribas Nominees Pty Limited <DRP>	4,190,394	2.64%
RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	3,354,358	2.12%
Australian Foundation Investment Company Limited	2,709,412	1.71%
Smallco Investment Manager Limited <The Cut A/C>	1,372,598	0.87%
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,371,402	0.86%
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	1,037,309	0.65%
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	1,000,891	0.63%
Mirrabooka Investments Limited	930,000	0.59%
Navigator Australia Limited <MLC Investment Sett A/C>	923,555	0.58%
Argo Investments Limited	791,884	0.50%
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	563,067	0.36%
National Nominees Limited <N A/C>	483,950	0.31%
Invia Custodian Pty Limited <Best Superannuation P/L A/C>	443,973	0.29%