Annual Report 2015

iress

IRESS Limited ABN 47 060 313 359

About Us

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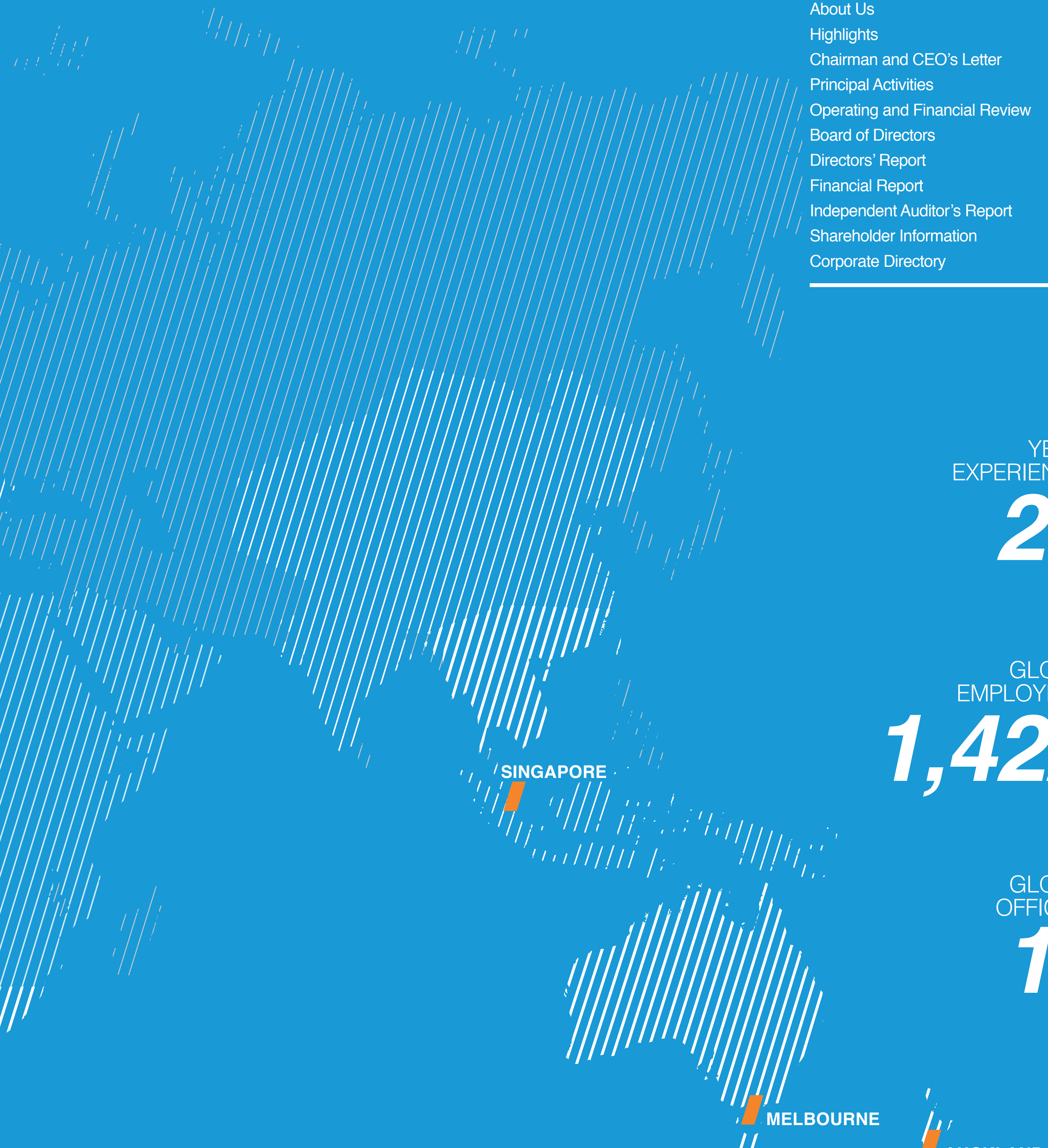
AGM DETAILS

05 May 2016
11:30am AEST

RACV City Club
501 Bourke Street
MELBOURNE VIC 3000

During the year, the principal continuing activities of IRESS were the provision of information, trading, compliance, order management, portfolio and wealth management, and lending systems and related tools. IRESS' principal clients are financial markets and wealth management participants in Australia, New Zealand, South East Asia, Canada, South Africa and the United Kingdom.

The core business activities of IRESS are carried out within three main divisions being financial markets, wealth management, and enterprise lending. These divisions serve distinct client needs, but there is increasing cross-over and many clients subscribe to services across IRESS' product set.



YEARS EXPERIENCE /
23

GLOBAL EMPLOYEES /
1,422

GLOBAL OFFICES /
14

IRESS provides solutions to clients using three core platforms: IRESS (market information and trading platform), XPLAN (wealth management and advice platform), and MSO (lending automation and processing platform).

IRESS' strategy is based on building leading software with quality delivery and long-term focus on diversifying its business and achieving positions of scale. The success of this strategy over time has underpinned resilient, recurring revenue.

Highlights

Sustainable growth in revenue and earnings

	Operating Revenue (AU$)	Segment Profit[1] (AU$)
Australia and New Zealand Results underpinned by resilience of trading products in a challenging market and continuing strong demand for XPLAN. Investment continues in key products to create new client opportunities and maintain IRESS' market leading position.	5% ▲	2% ▲
United Kingdom XPLAN implementations translating to revenue growth. Strong interest in IRESS' integrated private wealth solutions. Acquisitions will add scale and capability. Transition of the lending business to a recurring revenue model is underway.	17% ▲	26% ▲
South Africa Strong demand for IRESS' suite of products reflects strengthening market position. XPLAN conversions contributing to growth. Private wealth solutions gaining traction.	18% ▲	35% ▲
Canada Revenue resilient despite challenging conditions. Investment in people and infrastructure. Key private wealth client secured (MD Financial).	5% ▲	33% ▼
Asia Continuing strong demand for CFD platform. Key cash equity client secured (Maybank King Eng).	34% ▲	11% ▼
Total Group	10% ▲	7% ▲

(1) Segment profit represents earnings before interest, tax, depreciation, amortisation, share based payments and non-core, non-recurring items.

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2012

Australian financial markets revenue resilient in difficult market conditions. Wealth management growth in Australia strong, reflecting continuing demand for solutions to support regulatory change and increase efficiency.

Operating revenue (AU$)

$207m

2013

Acquisition of Avelo establishes a new platform for growth in the UK. Continuing high demand for XPLAN in Australia to address FoFA initiatives.

Operating revenue (AU$)

$251m

2014

First full year of revenue from Avelo acquisition in 2013. Offshore revenue now 45% of total. Growth in financial markets and wealth management in Australia reflecting continued strong demand for key products, particularly XPLAN.

Operating revenue (AU$)

$329m

2015

Operating revenue (AU$)

$362m

Revenue underpinned by resilient financial markets revenue in Australia and strong growth in South Africa and Australia wealth management. Strong revenue momentum in UK wealth management. Acquisitions and FX made significant contributions.

Chairman and CEO's Letter

IRESS produced a solid performance in 2015, delivering for both shareholders and clients. Our ongoing investment is driving strong outcomes, and we expect this will continue in 2016.

TONY D'ALOISIO /
CHAIRMAN /

ANDREW WALSH /
MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER

IRESS continues to diversify geographically and by market segment through organic growth and strategic acquisitions. The three acquisitions completed in 2015, two in the United Kingdom and one in Australia, are evidence of this. This diversification supports continued business resilience and performance, providing further sources of high-quality, recurring revenue.

We have continued to position IRESS as an innovative, reliable, and respected technology partner through leading products and delivery. Consistent with this, we are increasingly recognised by our clients for the breadth and depth of our solutions – from boutique firms through to some of the world's most respected financial institutions.

In the past year IRESS has achieved a number of significant client wins and product milestones and has focused investment in our core infrastructure and processes to ensure we continue to anticipate technology trends and manage risks. As a solution provider with scale, we are uniquely positioned to continue to meet the needs of a broad range of financial services participants.

Solid financial performance

For the full year to 31 December 2015, IRESS' revenue was up 10% on 2014. Statutory net profit was $55.4 million, up 9%. Segment Profit, a measure of core underlying business performance, was $119.2 million, up 7%.

On a constant currency basis, and excluding the contribution from acquisitions, Segment Profit growth in 2015 was 3%.

The 2015 result reflects strong performances from IRESS' businesses including the United Kingdom, Australia & New Zealand and South Africa, particularly in the second half.

During the second half, prior investments by IRESS have translated into solid revenue growth. In particular, we have seen growing momentum in our United Kingdom business in wealth management and lending. We are very pleased with this progress and are confident of future growth opportunities.

Australia and New Zealand performed strongly with double-digit growth in wealth management. Our financial markets business remains highly resilient with run-rate recurring revenue exceeding that in the prior year, despite client-specific impacts in Australia in the first half.

Recent and significant client wins in South Africa, Canada and Asia will continue to demonstrate IRESS' capability in these markets and create further client opportunities.

The overall result was positively impacted by the acquisitions in the United Kingdom of Proquote and Pulse Software Systems. The result was also positively impacted by currency movements, although we do not rely on these as indicators of underlying performance.

Dividend and capital management

The Board has determined to pay a final dividend of 26.7 cents per share for second half earnings, franked to 60% at a 30% corporate rate. This represents a total dividend for the year ended 31 December 2015 of 42.7 cents per share, an increase from 2014 of 3%.

The full-year dividend reflects IRESS' consistent financial performance in 2015 and prior periods and the strength of cash generation.

External borrowing increased during 2015 to $202.4m (2014: $180.5m) as a result of the acquisitions of Proquote and Pulse. The net debt balance at 31 December 2015 was $184.9m and continues to reflect the conservative position of the IRESS business. Notably, the debt facilities underlying these borrowings were renegotiated during 2015 and have enhanced pricing and improved terms.

Strong business momentum

IRESS continues to evolve to meet clients' desires to leverage solutions from our broad product suite. This includes continued product investment and development. Globally, the convergence of client segments and channel offerings continues and we are well positioned to meet the opportunities this creates. Our business, people and solutions will continue to evolve to reflect this environment and the opportunities presented by a heightened focus on technology.

Business successes in 2015 included:

- **Appointed the advice technology partner for the Commonwealth Bank of Australia** (CBA) to deploy IRESS' multi-channel advice platform supporting CBA's full-service advice businesses and scaled advice.
- **Announced a long-term, strategic partnership with Atom**, the United Kingdom's first all-digital bank, to implement the latest version of IRESS' Mortgage Sales & Origination product.

- **Improved revenue quality and overall revenue growth in the United Kingdom** reflecting implementation successes and associated recurring license revenue.
- **Appointed technology partner to Maybank Kim Eng**, a leading investment bank in Asia, to provide multi-asset solutions for retail trading.
- **Commenced enterprise implementations of our private wealth solution** with MD Financial Management, a leading wealth manager and discretionary asset manager in Canada.
- **Strong demand in South Africa for our breadth of solutions**, IRESS Professional market data, XPLAN and IRESS' private wealth solution.
- **Commenced the rollout of IRESS' next generation online market data and trading solution**, ViewPoint, including to a tier 1 Canadian bank.

Proquote, Pulse and Innergi

During 2015, we completed three acquisitions and welcome the clients and people of these businesses into IRESS.

The strategic acquisitions of established United Kingdom financial technology businesses Proquote and Pulse accelerates our position in this market, in line with strategy, by broadening our client base, product suite and capability. Having established substantial operations in the United Kingdom in 2013, we have identified, and have been responding to additional opportunities in complementary client segments where our integrated product suite has proved attractive.

Regulatory and structural market change in the United Kingdom means there is an increasing demand for unified, flexible and reliable technology solutions. These acquisitions allow us to expand capability and our client base as well as deepen our local expertise.

The acquisition in Australia of personal finance content provider, Innergi, further strengthens XPLAN. There has been a significant increase in demand from advisers for new ways to engage with their clients, particularly digitally. Tools such as those provided by Innergi, which are being integrated into XPLAN, allow advisers to engage more meaningfully with clients face-to-face and online.

IRESS' focus in 2016

We are confident of strong revenue growth in 2016, underpinned by momentum in wealth management, resilient financial markets performance and by the full year impact of acquisitions. The challenge of execution across the business remains, however we anticipate our activities will deliver solid profit growth in 2016.

Executive appointments

During 2015, we welcomed two new executives to the IRESS team: John Harris, Chief Financial Officer, and Simon New, Group Executive – Strategy. Aaron Knowles, a long-serving executive of the group, has also been appointed to the new role of Group Executive – Product effective 1 January 2016.

All have impressive backgrounds and the required specialist and leadership skills that IRESS requires to continue to build on its success.

Thank you

Thank you to IRESS' clients and users for their ongoing support and advocacy.

We thank our dedicated and passionate management team and employees, who represent IRESS across our international business. IRESS has evolved significantly in recent years and this would not have been possible without the hard work and dedication of the IRESS team.

IRESS continues to be well positioned for the future and we thank you, our shareholders, for your continued support.

Principal Activities

48% of revenue is now from operations outside of Australia and New Zealand.

IRESS was founded in Australia and the continued strength of its Australian business remains an important component of its growth strategy. Over time, IRESS has diversified and grown by geography and market segments, and 48% of revenue is now from operations outside Australia and New Zealand (2014: 45%).

In October 2015 IRESS acquired two leading, established financial technology businesses, Proquote and Pulse Software Systems. These acquisitions add further capability and scale to the Group's UK business.

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

2015 has seen ongoing and increased strategic focus on providing integrated IRESS solutions that span the traditional product and client segments of financial markets and wealth management. There is continued market convergence between retail financial markets and wealth management and IRESS is well placed to respond to an increased demand for a broad platform of capabilities and solutions. There has been increased investment in IRESS' private wealth solution, which spans the entire IRESS product suite and reflects an expectation of increased international demand in this area.

Enterprise lending has continued the successful re-positioning of the next generation Mortgage Sales and Originations (MSO) product. Benefits to lending institutions include lower cost of total ownership while supporting a digitised mortgage sales experience for the end consumer. The transformation of the enterprise lending business from services-based to product-based will move the business from less predictable licence, maintenance and service-based revenue to a recurring revenue model consistent with other parts of the Group.

Strategy and Future Performance

IRESS' strategy is to deliver sustained, medium and long-term growth, underpinned by quality, predictable revenue. Growth will occur through organic activity and, where in line with IRESS' strategic objectives, through inorganic activity.

Key areas of focus are:

- **Clients** – maintain resilient leadership in established markets.
- **Growth** – grow revenue organically and pursue inorganic opportunities when appropriate.
- **Products** – anticipate trends and innovate to maintain product leadership. Align product development to current and emerging client needs.
- **Group** – enhance IRESS' brand through strong stakeholder relationships and communication.
- **People** – position IRESS as an employer of choice globally.

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During 2015 IRESS performed well against strategy with strong revenue retention in all markets and stand-out growth in South Africa and in wealth management in Australia. IRESS grew organically and focussed investment in the development of key products IOS+, ViewPoint and the latest version of MSO. IRESS is on track with the implementation of XPLAN Prime for scaled advice. UK revenue growth and key client wins in Canada and Asia were tightly aligned to strategy. IRESS also acquired Proquote, Pulse and Innergi during the year. IRESS has focused on the improvement of internal processes and systems to support scalable growth. Significant investment was made during the year into further developing leadership capabilities across the business.

IRESS remains committed to diversifying its business across geography and product and to achieving a position of scale in each of the markets in which it chooses to compete. Future focus will be on further capitalising on investment made in the UK and on the private wealth opportunities globally. Ongoing investment in core product offerings will ensure that IRESS' technology platforms continue to evolve to meet the changing needs of clients and users. Investment in people and core infrastructure will continue in order to support further growth.

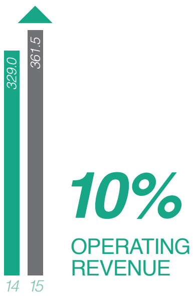
Material business risks

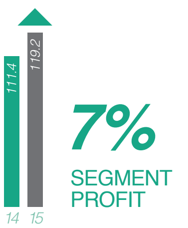
The material business risks with potential to impact IRESS are outlined below, together with actions undertaken to mitigate those risks.

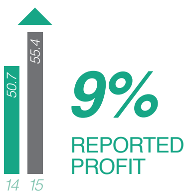
Risk	Nature of risk	Mitigation
Information security breach and failure of critical systems	Due to the nature of IRESS' business the Group could be impacted significantly by the failure of critical systems, whether caused by malicious attack or other factors.	Dedicated information security functions across jurisdictions. Board oversight through the Audit & Risk Committee and executive oversight via an Information Security Governance Committee. Controls, audit and governance provides a framework for actively identifying security gaps, new exposures and the development of appropriate treatment plans. Network and malware scanning and mandatory information security awareness training across the business. Comprehensive disaster recovery procedure in place. Focus on redundancy for critical systems.
	IRESS' services offerings includes the management of sensitive data, exposing IRESS to compliance costs and potential reputational and legal risk. IRESS' risk management strategy includes rigour around network design, application of redundancy design and periodic reviews of such infrastructure.	IRESS has established an Information Security Governance Committee which has implemented the ISO 21001 Information Security Policies, overseen the accreditation process and facilitated the associated audits. IRESS continually reviews and updates the security controls on the IRESS network, based on known security threats and the latest intelligence. There is also a group-wide program of work to support compliance with IRESS privacy obligations, which is underpinned by the IRESS Privacy Policy and mandatory privacy training. Additionally, there are continual projects which look to improve governance and decision making processes with regard to the use of customer and corporate data. IRESS has documented its Business Continuity and Disaster Recovery processes in place with a focus on improving business continuity recovery options for internal environments and business systems.
Economic climate	Economic conditions, domestically and internationally, can impact client revenue and accordingly client demand for IRESS' systems.	This risk is mitigated by IRESS' diverse geographic presence and diverse product portfolio.
Foreign Exchange	IRESS is exposed to foreign exchange movements which may affect the value of profits repatriated to Australia.	IRESS' presence in several jurisdictions and the increase in relative revenue contributions from those jurisdictions tends to ameliorate some of this exposure. IRESS reports foreign exchange movements transparently in its periodic financial statements in order to enable investors to better understand the performance of the underlying business.
Regulation	Regulation can impact IRESS and its clients because regulation increases the cost of doing business, or because regulation results in structural changes, including consolidation or fragmentation, both of which can negatively impact IRESS client engagements.	IRESS' risk management strategy includes the close monitoring of regulatory developments globally. IRESS is pro-actively engaged in the development of new and existing relationships with relevant regulatory stakeholders, policy makers, and media groups to monitor the regulatory landscape. This strategy is focused on limiting potential impacts of regulatory development so that IRESS may continue to service its global markets and efficiently respond to compliance requests.
Market or technology risk	The risk that a pronounced shift in technology or a pronounced change in the way market-segments organise themselves and make use of IRESS' products or solutions.	IRESS endeavours to manage this risk by maintaining a highly skilled and educated technology organisation and by exploring the potential utilisation or impact of emerging technologies. In the same way, IRESS endeavours to manage market change by maintaining a high degree of engagement with its customers. In that regard, IRESS is fortunate that its customer base, being distributed geographically and being comprised of highly sophisticated industry representatives, is likely to be at the forefront of industry change and evolution.

Operating and Financial Review
Group performance

2015 result underpinned by resilient financial markets revenue, continuing strong demand for wealth products and take up of IRESS' integrated solutions.







AU$ (m)	2015	2014	
Operating Revenue	361.5	329.0	▲ 10%
Segment Profit [1]	119.2	111.4	▲ 7%
Constant currency [2]:			
Excluding Acquisitions	*115.2*	*111.4*	▲ *3%*
Including Acquisitions	*116.8*	*111.4*	▲ *5%*
Segment Profit after SBP [3]	109.3	102.5	▲ 7%
Reported Profit (NPAT) [4]	55.4	50.7	▲ 9%
Basic EPS *(c per share)*	35.2	32.3	▲ 9%
Dividend *(c per share)*	42.7	41.5	▲ 3%

(1) Segment profit represents earnings before interest, tax, depreciation, amortisation, share based payments (SBP) and non-recurring items.

(2) Constant currency assumes current and prior year earnings of foreign operations are translated at the same foreign exchange rates.

(3) Segment profit after SBP represents earnings before interest, tax, depreciation, amortisation, and non-recurring items.

(4) Reported profit (NPAT) represents profit after income tax.

Net profit after tax (NPAT)

IRESS' reported NPAT for the year was $55.4m (2014: $50.7m) representing an increase of $4.7m (9%) on the prior year. IRESS' consistent financial performance and its quality, predictable revenue is underpinned by a focus on client service and support, ongoing investment in products and technology, and a recurring subscription revenue model.

Revenue from ordinary activities grew 10% to $361.5m (2014: $329.0m) primarily as a result of growth in Australia, the UK and South Africa. In Australia, revenue growth was driven by strong demand for IRESS' XPLAN wealth management platform as the industry continues to look to technology to enhance digital engagement with clients, evolve new channels of advice, and support compliance within an increasingly complex regulatory environment. Growth in the global wealth management market, and specifically in United Kingdom, is also underpinned by these same themes. In addition, there is an increasing trend towards outsourced technology provision and consolidation of vendor supply that promotes workflow efficiency and commercial benefits.

In South Africa, revenue growth was driven by continuing strong demand for IRESS' suite of trading solutions and market data as well as volume based variable fees following higher trading volumes in local financial markets during the year. The rollout of XPLAN to new and existing clients continued, while deployment of IRESS' private wealth management (PWM) solution to several tier one private client managers also contributed to revenue growth in 2015.

In 2015, currency fluctuations, particularly the depreciation of the Australian dollar against the British Pound, contributed approximately $13.8m to the Group's revenue expressed in Australian dollars.

Employee benefits expense grew 14% to $185.1m (2014: $163.0m) reflecting head count increases of 109 from 2014 (2015: 1,422) to support revenue growth and IRESS' ongoing investment in the development of its market leading technologies. This included a significant investment in people supporting the UK business in the first half with a particular focus on implementation and integration capacity to support client projects. A similar investment in the capacity and capability of people to drive growth was made in Canada.

Other notable movements in expenses included:

- communication and other technology expenses grew 21% to $17.6m (2014: $14.6m) as a result of ongoing investment in technology and infrastructure, one-off implementation costs of a new global human resources system (approximately $1m) and additional network costs associated with the recently acquired Proquote and Pulse businesses;
- customer data fees increased 3%, largely reflecting price increases on existing services, which is offset by a corresponding increase in revenue; and
- depreciation and amortisation expense increased 12% to $26.3m (2014: $23.4m) as a result of an increase in software amortisation (including from the acquisition of Proquote and Pulse).

361.5
AU$ (MILLION) OPERATING REVENUE

Higher net interest expense (excluding the revaluation of derivatives noted) was driven by the acquisition of Proquote and Pulse which were funded by increased borrowings. The impact of higher debt levels was partially offset by the refinancing of debt facilities during the year on enhanced pricing and terms.

The effective tax rate of 20% was driven primarily by deductions associated with previous acquisitions (including tax losses not previously recognised) and the employee share plan. The effective tax rate remains in line with the prior year.

Balance Sheet

External borrowings increased to $202.4m (2014: $180.5m) as a result of the acquisition of Proquote and Pulse. IRESS refinanced debt facilities during the year with total borrowing capacity to $300m (2014: $180m), with an expanded banking group on improved pricing and terms. Although borrowing increased during 2015, the group remains conservatively geared. IRESS is a highly cash generative business and has net debt at 31 December 2015 of $184.9 (2014: $117.1m) IRESS maintains a disciplined approach to the assessment of acquisitions and relating funding decisions.

Derivative liabilities increased to $21.1m (2014: $12.9m). The $8.2m revaluation of derivatives is reflected in the profit or loss under financing expense. This expense offsets the foreign currency gain on GBP loans associated with UK acquisitions of $9.8m. The revaluation of the derivatives also resulted in an increase in deferred tax assets.

Intangibles increased $96.0m during the year to $529.3m (2014: $433.3m). This increase predominately relates to $85.9m of assets acquired on acquisition and $15.6m relating to foreign currency movements, offset by $20.1m of amortisation.

Dividends

The IRESS dividend policy is to maintain a payout ratio of not less than 80% of underlying earnings[1] on an annualised basis. The dividend policy may be modified by the Board in the future, where it is felt appropriate. Dividends continue to be franked to the fullest extent possible, while reflecting the geographical context of the business.

42.7
DIVIDENDS CENTS PER SHARE

	$'000	$'000	Cents per share	Cents per share
	2015	2014	2015	2014
Interim dividend franked to 50% (2014: 40%)	25,605	25,455	16.0	16.0
Final dividend declared after balance date franked to 60% (2014: 40%)	42,740	40,570	26.7	25.5
Total	**68,345**	**66,025**	**42.7**	**41.5**

The record date for the final dividend is 10 March 2016 payable on 24 March 2016.

(1) Underlying Group Earnings is defined as segment profit less operating depreciation and after deducting tax at a standardised rate.

Operating and Financial Review
Group performance

Segment Profit

IRESS uses segment profit as a measure of underlying earnings to aid inter-period comparability of results. The table below shows the reconciliation between segment profit and earnings before interest, tax depreciation and amortisation (EBITDA):

	Results 2015	2014	Movement from 2014
	$m	$m	%
Segment Profit	**119.2**	**111.4**	7
Share based payments	(9.9)	(8.9)	11
Segment Profit after SBP	**109.3**	**102.5**	7
Non-recurring items	(6.7)	(6.3)	6
FX gain/(Loss)	9.8	1.7	100+
EBITDA	**112.5**	**97.9**	15
Depreciation and amortisation	(26.3)	(23.4)	12
EBIT	**86.2**	**74.5**	16
Interest revenue	1.8	2.0	(9)
Interest expense	(10.8)	(10.8)	0
Financing expense	(8.2)	(2.3)	100+
PBT	**68.9**	**63.4**	9
Tax	(13.5)	(12.7)	6
Reported NPAT	**55.4**	**50.7**	9

The cost of issuing share-based remuneration to employees is amortised to the profit or loss over the vesting period (generally three years). The increase of $0.9m in the 2015 share based payments expense reflects increases in IRESS' employee numbers, revenue and segment profit. Share-based payments expense as a proportion of segment profit remains consistent year on year.

Non-recurring items are primarily costs in relation to:

- transaction and integration costs associated with the acquisition of Proquote and Pulse;
- implementation of a new global HR system;
- restructuring costs associated with the consolidation of UK offices;
- payments to the previous CFO upon cessation of employment; and
- external advice regarding Group restructuring and debt refinancing.

Foreign exchange gains of $9.8m (2014: $1.7m) relate predominately to the funding arrangements associated with IRESS' investment in the UK. These gains were offset by an unrealised loss from the revaluation of hedging instruments of $8.2m (2014: $2.3m) recognised within financing expense.

Review of segment results

	Operating revenue		Movement from 2014		Segment profit		Movement from 2014	
	2015	2014		Local Currency	2015	2014		Local Currency
	$m	$m	%	%	$m	$m	%	%
ANZ Financial Markets	108.6	108.9	(0)	(0)	46.6	50.6	(8)	(8)
ANZ Wealth Management	80.3	71.4	13	12	38.3	32.7	17	17
Total ANZ	**188.9**	**180.3**	**5**	**5**	**84.8**	**83.3**	**2**	**2**
UK Financial Markets	4.9	1.2	100+	100+	(2.0)	(1.3)	(59)	(43)
UK Wealth Management	86.2	73.7	17	5	21.9	18.6	18	5
UK ex-Lending	**91.1**	**74.9**	**22**	**9**	**19.9**	**17.3**	**15**	**2**
UK Enterprise Lending	32.8	30.8	6	(4)	7.3	4.2	73	66
Total UK	**123.9**	**105.7**	**17**	**5**	**27.2**	**21.5**	**26**	**14**
Canada	19.5	18.6	5	1	2.6	3.9	(33)	(37)
South Africa	26.6	22.5	18	15	8.6	6.4	35	31
Asia	2.5	1.9	34	34	(4.0)	(3.6)	(11)	(11)
Group	**361.5**	**329.0**	**10**	**6(1)**	**119.2**	**111.4**	**7**	**5(1)**

(1) Group growth rates shown in the "Local Currency" column are on a constant currency basis.

188.9

ANZ OPERATING REVENUE AU$ (MILLION)

Australia and New Zealand

Operating Revenue grew 4.8% to $188.9m (2014: $180.3m) and segment profit increased 1.8% to $84.8m (2014: $83.3m). Operating revenue growth reflects continuing strong performance in wealth management while segment profit growth reflects IRESS' continuing investment in its products and people. The ANZ financial markets business performed strongly despite client-specific impacts including a bad debt write-off associated with a client entering administration.

Financial markets

Financial markets revenue in ANZ continues to be highly resilient, remaining in line with prior year despite external ongoing structural challenges facing the segment, particularly on the sell-side. Despite two significant market participants withdrawing from the Australian market, the monthly revenue run rate has returned to be in line with the 2014 level as a result of incremental revenue growth from existing customers and annual indexation.

The decline in segment profit of 8.0% from $50.6m in 2014 to $46.6m in 2015 reflects continued investment in product and people during the year including the continuing development and rollout of IOS+, ViewPoint (next generation IRESS' online market data and trading solution), continuing enhancements to content and functionality of IRESS Professional, and IRESS digital products including a new app to support the Apple watch. The investment in these technologies and products are deployed across IRESS internationally.

Wealth management

Momentum in wealth management in Australia remained strong with operating revenue and segment profit growth of 12.5% and 17.0%, respectively, in 2015. The strong performance of this business reflects the continuing strong demand for XPLAN from both new and existing clients as financial advisers and dealer groups increasingly look to technology to improve their service offering, lower costs and meet statutory obligations in an increasingly complex regulatory environment.

In 2015, revenue growth was driven primarily by new client rollouts and revenue growth from existing customers as they continue to turn to IRESS' technology in response to business opportunities and regulatory complexity.

As previously disclosed, IRESS was appointed the advice technology partner for the Commonwealth Bank of Australia (CBA) to deploy XPLAN across all of CBA's advice businesses and to introduce XPLAN Prime, a scaled advice platform. This project was a key focus for the business in 2015 and continues to deliver to plan.

Case Study

XPLAN Prime Scaled Advice

People are increasingly seeking financial advice in different ways across the globe and this has been stimulated through regulatory changes. Full service advice is an important and critical component of advice, while at the same time, the way people seek advice and choose to engage is evolving.

We developed Prime to give our clients an objective-based advice solution that advisers can use alongside their clients with a strong focus on an engaging and efficient user experience. Prime allows wealth management firms to scale their advice service with full support for their back-end processes via XPLAN.

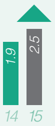
Prime gives more people access to the advice they need, when they need it, and for IRESS' clients to deliver a seamless, omni-channel client experience with fast, streamlined fully compliant advice.

Bringing our clients unified scaled advice solutions

Operating and Financial Review
Group performance

123.9
UK OPERATING REVENUE AU$ (MILLION)

19.5
CANADA OPERATING REVENUE AU$ (MILLION)



2.5
ASIA OPERATING REVENUE AU$ (MILLION)

United Kingdom

In local currency, the wealth management revenue increase of 2.5% (excluding the impact of the Pulse acquisition), was further enhanced by the depreciation of the Australian dollar leading to total revenue increase in Australian dollars of 14.4%. Revenue growth was driven primarily by a number of XPLAN implementations and strong client retention. Revenue grew 7% in the second half as the first half investment in implementation capability was translated into customer revenue.

Wealth management segment profit margins improved from 22% in the first half to 27% in the second half (excluding the impact of the Pulse acquisition) as revenue began coming online while costs remained flat half on half.

Integration work is underway following the recent acquisition of Pulse and the strategic and operational actions from these integration initiatives are ongoing. Pulse contributed segment profit of £0.5m in 2015, which reflects results from 1 November 2015.

In local currency, the financial markets' revenue increase of 100+% was largely driven by the impact of the Proquote acquisition which added £1.6m in 2015. Excluding the Proquote acquisition revenue grew 18% driven largely by increased client activity.

The increase in financial markets segment loss was driven largely by an increase in staff costs (additional headcount to drive revenue growth and pay rises) and increased rental costs following a move to a larger office.

During the year the UK business experienced strong demand from advice and private wealth businesses for integrated IRESS solutions, with several new implementations underway in 2016 at leading private wealth firms. Rollouts are to commence during 2016, deploying a unified technology solution for market data, trading and order management, portfolio management, CRM, advice, and revenue management.

In recognition of the increasing convergence of our financial markets and wealth management businesses in the UK, we will be reporting them as a single segment from 2016.

Integration work is underway following the recent acquisition of Proquote and the strategic and operational actions from these integration initiatives are ongoing. Proquote contributed segment profit of £0.2m in 2015, which reflects results from 1 November 2015.

Enterprise lending operating revenue decreased 3.6% due to one-off revenue items in 2014 that were not repeated in 2015. Segment profit increased by 66% largely as a result of full year of cost savings from the restructure of the business in 2014.

The first implementation of the latest version of MSO is now underway with Atom (the UK's first all-digital bank), and is progressing to plan.

Canada

In local currency, operating revenue was 0.7% higher than the prior year, with the business demonstrating revenue resilience despite continuing challenging conditions in Canadian financial markets. During 2015, IRESS invested in leadership, product development and implementation capabilities with the business now well placed to capitalise on client opportunities.

As previously disclosed during 2015, the Canadian business secured a foundation private wealth client, MD Financial, a top five wealth manager in Canada. Implementation of a unified technology solution for trading and portfolio management, CRM and advice commenced in the second half of the year and will continue to be a focus in 2016. This is a significant win for the business and provides valuable credentials in the local wealth management market.

During the year, IRESS' next generation online market data and trading solution (ViewPoint) was successfully rolled out to a Tier 1 Canadian bank three months ahead of plan.

The decline in segment profit of $1.3m 33% (local currency 36%) was driven primarily by the investment in new people (as detailed above), product implementation capability and increased costs associated with new premises.

Asia

Operating revenue in Asia increased 34% from 2014 despite competitive local market conditions. Revenue growth was driven primarily by an increase in use and functionality of IRESS' online trading platform by brokers offering Contracts for Difference (CFD) in Singapore. Revenue also grew as a result of the completion of several retail and private wealth implementations, including an integrated technology solution for a large Malaysian bank.

In October, the Asian business secured a sell-side client for the implementation of end-to-end retail equity workflow that has commenced, and will continue to be a key focus in 2016. This is a significant win for the business and is a valuable credential for IRESS in the Asian broking market.

The decline in segment profit in 2015 reflects an increased allocation of global market data costs into the region which has a disproportionate impact on this segment due to relative size.

26.6

SOUTH AFRICA OPERATING REVENUE AU$ (MILLION)

South Africa

In local currency, operating revenue grew 14.7% (following growth of 10% in 2014), driven by revenue growth across business segments and products.

Financial markets revenue growth of 15% in local currency was underpinned by increased sales of sell-side trading solutions to new market entrants and an increase in market share of existing brokers. There was also continued strong demand for IRESS' trading algorithms, market data, and SmartHub which was rolled out in South Africa during 2015. IRESS also benefitted from an increase in volume-based variable fees following higher trading volumes on local financial markets during the year.

Wealth management revenue growth in South Africa was underpinned by solid relationships with corporate and institutional clients, with new wins and the completion of several new XPLAN deployments the principal driver of growth.

Revenue from the implementation of integrated IRESS solutions at private wealth managers increased largely as a result of the migration of several large clients from standalone legacy Peresys products to integrated IRESS solutions. Several new client wins also contributed to growth.

Segment profit increased 30.7% (in local currency) which reflects strong revenue growth partially offset by an increase in staff costs resulting from a pay increase in line with the prevailing market environment.

Case Study

IRESS ViewPoint

Delivering IRESS ViewPoint involved an international team of product, design and technical specialists across IRESS. The goal was to deliver an exceptional user experience built on the latest technologies to bring flexibility, scalability and be highly customisable for our clients and for end users.

IRESS ViewPoint is a market data and trading solution built on HTML 5 technology supporting all operating systems and browser technology, without reliance on any plug-ins. It offers our clients the ability to deliver a fully branded service to their clients (primarily active traders and retail investors), with the ability to integrate their own rich content for a unique experience.

We have integrated the IRESS ViewPoint interface across our mobile suite, enabling end users to stay in touch with the market through the day moving seamlessly across devices.

In 2015, we successfully deployed IRESS ViewPoint to a leading financial institution in Canada with full multi-lingual support. Clients in our other markets are preparing for implementation.

A new experience in trading for the retail market

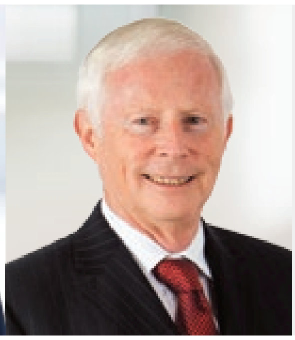
Directors' Report
Board of Directors

The appointment of Niki Beattie and Geoff Tomlinson, both with significant international executive and Board experience, further strengthens the Board of Directors.

TONY D'ALOISIO

NIKI BEATTIE

JOHN CAMERON



JOHN HAYES

Mr A D'Aloisio
Non-Executive Director since June 2012, Chairman since August 2014, member of the Audit & Risk Committee and People & Performance Committee. Tony was previously Chairman of ASIC from 2007 to 2011 and Managing Director and Chief Executive Officer of ASX Limited ("ASX") from 2004 to 2006. Tony has served in both Executive and Non-Executive roles and has held positions of Chief Executive, and Chairman in commercial and Government enterprises such as; Boral Limited, The Business Council of Australia and the World Federation of Exchanges and the International Joint Forum.

Ms N Beattie
Non-Executive Director since February 2015 and member of the People & Performance Committee. Niki has more than twenty years' experience working in financial technology, strategic advisory and capital markets in management, Board and advisory capacities. This includes 14 years in senior positions at Merrill Lynch International, based in Europe. Niki is currently Non-Executive Chairman of Pan-European share trading platform Aquis Exchange, Non-Executive Director of European financial services company Kepler Cheuvreux International and Non-Executive Director of Russian exchange group, Moscow Exchange.

Mr J Cameron
Non-Executive Director since March 2010 and member of the People & Performance Committee. John has worked in IT for over 30 years in Australia, USA, the United Kingdom and France. He was a key member of the team that automated both the equities and options trading floors for the ASX. John was founder and CEO of Cameron Systems which created CameronFIX which is now the world's leading implementation of the FIX protocol – the standard way that financial organisations worldwide trade electronically. The company was acquired in 2006 by ORC Software, where John served as CTO for three years. John was previously a Director of the international standards body FIX Protocol Limited from 2010 to 2013.

Mr J Hayes
Non-Executive Director since June 2011 and Chair of the Audit & Risk Committee. 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. John's previous directorships include 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. He was a member of the Advisory Council of Comcover, a Federal Government Entity for six years until December 2013.

JENNY SEABROOK

GEOFF TOMLINSON

ANDREW WALSH

PETER FERGUSON

Ms J Seabrook

Non-Executive Director since August 2008, Chair of the People & Performance Committee and member of the Audit & Risk Committee. Jenny is a special advisor to Gresham Partners Limited, a Non-Executive Director of Iluka Resources Limited, a Non-Executive Director of MMG Limited and a Non-Executive Director of Western Australian Treasury Corporation. Jenny is a chartered accountant with experience in capital markets and mergers and acquisitions in the financial services industry and was a member of the Takeovers Panel from 2000 to 2012. Jenny has extensive Board experience including Alinta Gas, Amcor Limited, Australia Post, BankWest, MG Kaillis, West Australian Newspaper Holdings Limited, Western Power and the Export Finance and Insurance Corporation.

Mr G Tomlinson

Non-Executive Director since February 2015 and member of the Audit & Risk Committee. Geoff has more than 40 years' experience in financial services. His executive career encompassed 29 years with the National Mutual Group, including six years as Group Managing Director and Chief Executive Officer. Geoff is currently Chairman of Growth Point Properties Australia Ltd and Chairman of Calibre Group. Geoff was a Non-Executive Director of National Australia Bank ("NAB") from March 2000 to December 2014, including Chairman of its wealth management division MLC. Previous Directorships include Amcor Ltd, Suncorp Ltd, Dyno Nobel Ltd, Programmed Maintenance Services Ltd and Neverfail Springwater Ltd.

Mr A Walsh

Chief Executive Officer and Managing Director since October 2009. Andrew was an original founder of XPLAN Technology Pty Ltd, which was acquired by IRESS in 2003. Andrew managed the transition of XPLAN from an independent start-up organisation to a fully integrated and material division of the Group until taking up his current role as CEO in 2009.

Mr P Ferguson

Group General Counsel and Company Secretary, Peter joined IRESS in June 2011. Peter has many years' experience in international legal and commercial appointments in the financial technology sector, with prior international and domestic appointments including seven years with Nasdaq OMX, located in Stockholm and later Sydney, GBST and SIRCA.

Directors' Report
For the year ended 31 December 2015

Directors meetings
The following table sets out the number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 31 December 2015, and the number of meetings attended by each Director.

Director	Board Meetings		Audit & Risk		People & Performance	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Tony D'Aloisio	11	11	6	6	7	7
Niki Beattie	11	11	–	–	3	3
John Cameron	11	10	–	–	7	7
John Hayes	11	8	6	6	–	–
Jenny Seabrook	11	11	6	6	7	7
Geoff Tomlinson	11	10	3	3	–	–
Andrew Walsh	11	11	–	–	–	–

Subsequent events
There has been no 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 years.

Changes in operations during the year
During the year, the operations of the Group were not modified in any material way. As noted on page 6 the enterprise lending business in the United Kingdom accelerated its focus towards a more product based solution, lowering the cost of ownership and broadening the addressable target market.

Changes in state of affairs
Significant changes in the state of affairs of the Group during the financial year other are outlined below;

- **Acquisitions**
  The Group acquired Proquote Limited and Pulse Software Systems Ltd during the year, two leading established financial technology businesses, further adding capability and scale in the United Kingdom.
- **Debt restructure**
  In October 2015 IRESS restructured its debt funding platform and established additional funding bringing total borrowing capacity to $300m.

Total assets increased $70.3m on the prior period as a result of the Proquote and Pulse acquisitions. Cash has been utilised to pay down borrowing facilities resulting in a decrease of $35.7m in cash balances.

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.* 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 the Directors or Officers of the Company will, subject to the specific terms of the indemnity, incur no monetary loss as a result of defending actions taken against them as a Director or Officer. 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.

Non-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 7 to the financial statements. During the year, the Company's auditor, has performed certain other services in addition to its audit responsibilities. The Board is satisfied that the provision of non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company to ensure that they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided did not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity of the Company, acting as an advocate of the Company or jointly sharing risks or rewards.

Auditors' 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 39.

Rounding of amounts

The amounts shown in this report and in the financial statements have been rounded off, except where otherwise stated, to the nearest thousand dollars, the Company being in a class specified in the ASIC Class Order 98/100 dated 10 July 1998.

Corporate Governance

The Corporate Governance Statement is located on the IRESS website.

Directors' Report
For the year ended 31 December 2015

AUDITED REMUNERATION REPORT
Contents

Please refer to page 38 for definitions of terms used in this remuneration report.

SECTION 1 – 2015 OVERVIEW

This remuneration report provides detail of IRESS' remuneration policy and practice for Key Management Personnel (KMP) for the 2015 financial year. The information presented in this report has been audited as required under section 308(3C) of the *Corporations Act 2001* and forms part of the Director's Report.

Summary of 2015 performance and remuneration

The Board follows a disciplined process of establishing objectives for the company and individual executives at the start of the year, for assessing company and individual performance and for determining remuneration outcomes based on performance. This process, which is described in detail in Sections 4 and 5 of this report, can be summarised as follows:

- The Board sets financial targets for the company and determines a cash STI bonus pool at the start of the year for Executive KMP and other staff.
- Strategic and operational targets are also set for the company and for individual executives at the start of the year.
- The final cash STI bonus pool for the year is adjusted based on Group segment profit performance against targets.
- The cash STI bonus pool is then allocated to operating segments and to individual executives based on achievement of financial, strategic, operational and people objectives. The resulting short-term incentive (STI) outcomes for the KMP is shown on page 29 of this report.
- STI and LTI equity grants reflect individual performance against operational and strategic targets as well as the executive's future potential for value creation.
- STI and LTI outcomes are assessed for reasonableness against prior year, across executives and with consideration of market factors.

Section 5 of this report details the Board's assessment of the company's performance in 2015 against the financial, strategic, operational and people objectives that it established at the beginning of the year. In summary:

- Financial performance was solid although below the targets set by the Board at the start of the year. As a result, the overall size of the cash STI pool was reduced (11%) from the level established at the start of the year.
- Operational, strategic and people outcomes were at or above target.

The Board's assessment of performance has translated into the following remuneration outcomes:

Fixed remuneration	Fixed remuneration increases for Executive KMP were generally within the range of 1% and 2%. Fixed remuneration for P Ferguson (Group General Counsel and Company Secretary) increased by 14% during 2015, based on market remuneration information for this role, and his contribution towards achieving the Group's objectives.
STI	**a)** Executive KMP STI outcomes for 2015 totalled $1,970,973 (2014: $1,793,878) including total cash STI of $684,643 (2014: $697,777) and deferred equity STI of $1,286,330 (subject to final Board approval in May 2016) (2014: $1,096,101). **b)** Executive KMP STI payouts received (2015 cash STI plus vested deferred equity awarded in previous years) increased from a total of $697,777 in 2014 (an average of 20% of total fixed remuneration) to $1,984,576 in 2015 (an average of 46% of total fixed remuneration) primarily due to the fact that no deferred equity was scheduled to vest in 2014 because of the extension in the period of time to vesting from 2 years to 3 years in 2012.
LTI	**a)** Subject to Board and shareholder approval in May 2016, it is proposed to award Executive KMP with performance rights for performance in 2015 with a fair value of approximately $1,282,000. It is proposed that the MD/CEO be awarded 120,000 performance rights with a fair value of approximately $597,000 and other Executive KMP be awarded performance rights with a fair value of $685,000. Performance rights with a fair value total of $1,193,003 were issued to Executive KMP in May 2015 of which $1,073,000 relates to 2014 performance and $120,003 was awarded to J Harris shortly after joining the Group. **b)** MD/CEO; Two tranches of performance rights were eligible for vesting in 2015. 1. Tranche 1 (four year performance period from 7 May 2011 to 7 May 2015): 100% did not vest and were forfeited, as IRESS' TSR for the period was below the peer group median. 2. Tranche 2 (three year performance period from 7 May 2012 to 7 May 2015): 12.6% forfeited and 87.4% vested, as IRESS' TSR for the period was at the 68.7th percentile. Other Executive KMP; one grant of performance rights was eligible for vesting in 2015 (three year performance period from 7 May 2012 to 7 May 2015); 12.6% forfeited and 87.4% vested, as IRESS' TSR for the period was at the 68.7th percentile.
Changes to KMP in 2015	S Bland (Chief Financial Officer) ceased employment with the Group on 1 October 2015. J Harris (Chief Financial Officer) commenced employment with IRESS on 20 April 2015 and was officially appointed to the CFO role and became a KMP on 11 May 2015. S New was appointed Group Executive, Strategy in September 2015 and became a KMP. G Tomlinson and N Beattie joined IRESS' Board of Directors in February 2015.

Directors' Report (continued)
For the year ended 31 December 2015

SECTION 2 – KEY QUESTIONS

The key questions outlined below provide a summary of the Group's approach to Executive KMP remuneration.

KEY QUESTIONS	IRESS APPROACH	ADDITIONAL DETAIL
Remuneration in 2015		
1. How is IRESS' 2015 performance reflected in this year's remuneration outcomes?	2015 remuneration reflects the achievement of solid profitability and strategic objectives that support long term growth (as detailed in Section 7).	Section 7 / page 28
2. What changes have been made to the remuneration structure in FY15?	No changes have been made to IRESS' remuneration structure in 2015.	
3. Are any changes planned for FY16?	Yes. The following changes to the Executive LTI plan will be effective in 2016: • Face value of awards (based on current share price), not fair value, will be used to determine LTI grant quantum. This will not change the underlying benefit being awarded to the Executive KMP. • Performance period will reflect financial years (e.g., a three-year performance period would be 1 January 2016 to 31 December 2018). • Franking credits will be excluded from relative TSR calculations. • The comparator peer group used to measure IRESS' relative TSR performance currently excludes companies that drop out of the S&P/ASX200 Index. In 2016 these companies will remain in the comparator peer group for assessment of relative TSR.	Section 5 / page 23
Remuneration framework		
4. Where does IRESS' remuneration (fixed remuneration and total remuneration opportunity) sit against the market?	IRESS considers the size and complexity of the role, the skills and experience of the individual and market pay levels of comparable roles in determining remuneration. IRESS believes that the total remuneration it offers executives is competitively positioned against comparable companies with a similar market capitalisation and/or operating in a similar industry sector.	Section 5 / page 23
5. What proportion of remuneration is "at risk"?	The target remuneration mix is for sixty percent (60%) of the MD/CEO's total remuneration and on average forty five percent (45%) of other Executive KMP's total remuneration to be at risk and dependent on Group and individual performance.	Section 5 / page 23
6. Are there any clawback provisions for incentives?	Yes. The Board may exercise discretion to withhold unvested STI and LTI awards for unsatisfactory individual performance.	
7. Is there a minimum shareholding requirement for KMP?	No. IRESS does not have a minimum shareholding requirement. However, the average holding of ordinary shares by Executive KMP is $1,346,754 or 283% of fixed remuneration and the average holding of ordinary shares by NEDs is $202,227 or 169% of fees.	Section 12 / page 35
Short-term incentive (STI) plan		
8. What are the STI performance measures?	STI awards are based on the achievement of objectives in the following categories, aligned with IRESS' business strategy: • Financial – Group segment profit • Operational, strategic and people – client, growth, products, company and people related objectives	Section 5 / page 23
9. How is the cash STI bonus pool determined?	The overall cash STI bonus pool is set at the start of the year. It is then adjusted based on the Group's actual segment profit relative to targets. This pool is then allocated to segments or businesses (for both Executive KMP and other staff), based on financial and strategic performance. The deferred equity component of STI is determined with reference to individual performance against operational and strategic targets as well as the executive's future potential for value creation. The award of deferred equity STI grants is also assessed in the context of the target remuneration mix.	
10. What is the target STI opportunity range for each executive?	There is no set minimum or maximum STI opportunity as STI outcomes are based on Group segment profit and the agreed cash STI bonus pool for each financial year. The Board has established a target rem mix for the MD/CEO and other Executive KMP. However, the actual STI outcome for each executive will be determined, firstly, by the size of the cash STI bonus pool (which can go up or down based on the Group's performance against financial targets) and, secondly, by the performance of the individual executive.	
11. How are STI awards delivered?	STI awards are delivered as a mix of cash and deferred equity.	

LTI plan

12. Is the LTI grant quantum determined using face value or fair value?	Consistent with prior years, 2015 performance rights were granted based on the fair value of rights. The Board has always considered face value in their determination of LTI grants. In 2016, the Group will formally move to a 'face value' approach, where grants of performance rights are based on the prevailing weighted average IRESS share price at or around the date of grant. The fair values of LTI grants will continue to be disclosed as per statutory requirements.	Section 5 / page 23
13. Why is relative TSR the sole performance measure?	The Board reviewed the Executive LTI plan in 2015 and continues to believe that relative TSR is the most appropriate way to align executive and shareholder interests, and reward executives for the Group's performance against peers.	
14. Does the LTI have re-testing?	To the extent any portions of awards do not vest on the first test date, the awards are retested once, six months after the initial test date. Rights granted before 2014, continue to be subject to six, monthly retests.	
15. What is the treatment of LTI awards in the event of a change of control?	In the event of a change of control, the Board has the discretion to allow unvested performance rights to vest.	

SECTION 3 – KEY MANAGEMENT PERSONNEL

IRESS' KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. KMP comprises the Executive KMP (the MD/CEO and Group Executives) as well as Non-executive Directors (NEDs).

For the year ended 31 December 2015, the KMP were:

KMP	POSITION	TERM AS KMP
Non-executive Directors		
A D'Aloisio	Non-executive Chairman	Full year
N Beattie	Non-executive Director (appointed 1 February 2015)	Part year
J Cameron	Non-executive Director	Full year
J Hayes	Non-executive Director	Full year
J Seabrook	Non-executive Director	Full year
G Tomlinson	Non-executive Director (appointed 1 February 2015)	Part year
Executive Director		
A Walsh	Managing Director and CEO (MD/CEO)	Full year
Executives		
S Barnes	Chief Operating Officer	Full year
S Bland	Chief Financial Officer (ceased employment on 1 October 2015)(1)	Part year
P Ferguson	Group General Counsel and Company Secretary	Full year
J Harris	Chief Financial Officer (appointed 20 April 2015)(2)	Part year
J McNeill (nee Milton)	Group Executive, Human Resources	Full year
S New	Group Executive, Strategy (appointed 1 November 2015)	Part year
M Rady	Group Executive, Financial Markets	Full year
D Walker	Chief Technical Officer	Full year

(1) S Bland was appointed CFO in 2001.
(2) J Harris joined IRESS on 20 April 2015 as CFO Designate and was appointed CFO, and became a KMP, on 11 May 2015.

Aaron Knowles was appointed Group Executive Product and became a KMP on 1 January 2016. There have not been any other changes to KMP after the reporting date and before the financial report was authorised for issue.

Directors' Report (continued)
For the year ended 31 December 2015

SECTION 4 – HOW IRESS SETS INCENTIVE OUTCOMES

IRESS' variable remuneration process is underpinned by rigorous performance objectives and performance assessment, with active People and Performance Committee (PPC)(1) and Board involvement and judgement, as outlined below.

Objectives supporting IRESS' business strategy, and related incentive opportunities, are set at the commencement of the financial year…

- The Board sets stretch financial targets for the Group and individual business units (revenue and segment profit) having regard to prior year performance.
- The Board confirms strategic goals for each key focus area (Clients, Growth, Products, People, Company) and sets specific performance criteria relating to these goals.
- The Board sets the budgeted STI pool for the year.
- The Board determines a set of specific objectives for the MD/CEO and retains flexibility to adjust objectives during the year, where required, to adapt to the changing business environment.
- The Executive KMPs' specific objectives are set by the MD/CEO and are reviewed by the PPC. Achievement of the Group's segment profit target is a specific objective for all Executive KMP and, where appropriate, Executive KMP will have additional segment profit targets for the business for which they are responsible.

…with performance against objectives assessed at year end…

- The budgeted cash STI pool available for allocation is reviewed with reference to the Group's financial performance relative to targeted Group segment profit and adjusted by the Board.
- The cash STI pool is allocated by the MD/CEO to different parts of the business based on achievement of financial targets and performance and additional operational and strategic criteria. The PPC reviews and confirms the pool allocation.
- The MD/CEO's individual performance assessment and STI is set by the Board. The individual performance assessment and STI award recommendations for other Executive KMP are made by the MD/CEO to the PPC for ratification and recommendation to the Board.
- The PPC and Board are particularly active in their oversight of the STI process due to the pool based nature of incentive schemes.
- STI and LTI grants (to be tested for performance and vesting in future years) are determined based on current year performance and the individual's criticality to the business and future potential contribution. Consideration is also given to the positioning of the individual's target total remuneration against market benchmarks.
- LTI grants from a prior period are tested for vesting based on the LTI vesting schedule.

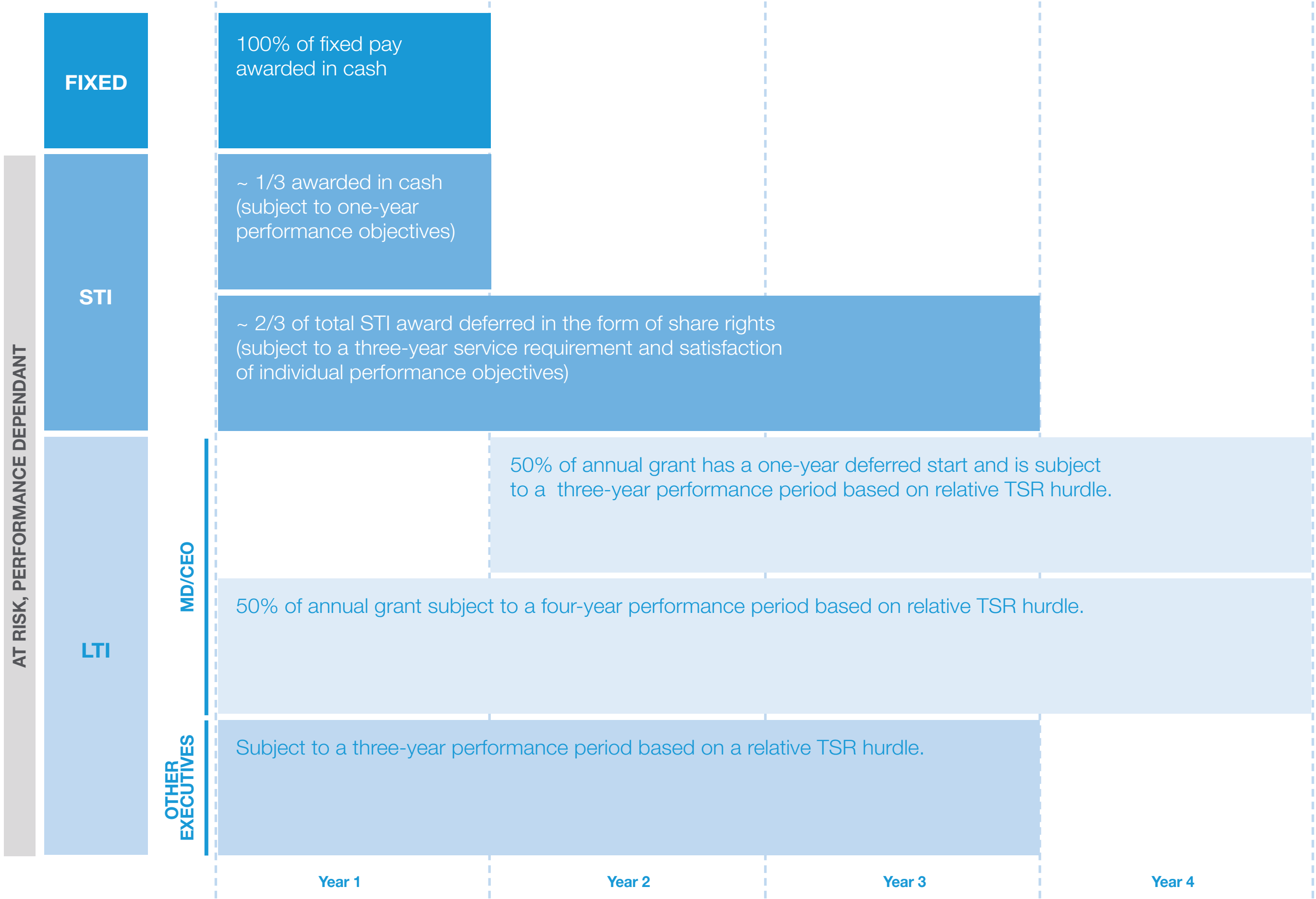
…Resulting in STI and LTI outcomes

- The Board reviews actual financial results against targeted financial results and the Executive KMP receive any cash STI after the Group's full-year results have been finalised.
- STI and LTI deferred equity are issued after the AGM.
- The MD/CEO's deferred equity grant is subject to shareholder approval at the AGM in May each year.

(1) During the year the Nomination and Remuneration Committee became the People and Performance Committee. The People and Performance charter (available at iress.com) sets out the role, composition and responsibility of the Committee.

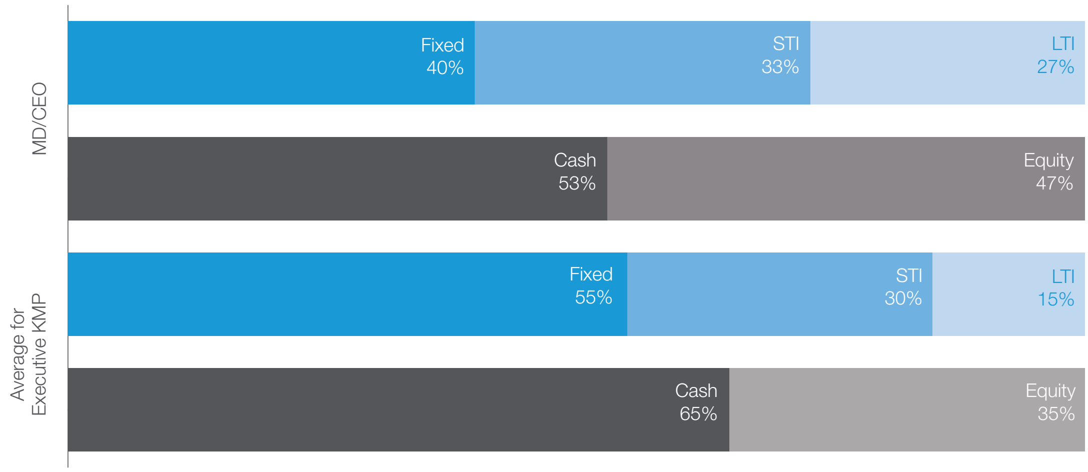
SECTION 5 – EXECUTIVE KMP REMUNERATION POLICY AND INCENTIVE PLANS OVERVIEW

IRESS' Executive KMP remuneration framework consists of fixed remuneration, and short term and long term variable remuneration. A significant portion of total Executive KMP remuneration is variable and at-risk.



Remuneration mix

The diagram below shows the target mix of fixed, STI and LTI components of remuneration. For both the MD/CEO and other Executive KMP, a portion of total Executive KMP remuneration is variable and at-risk.



Directors' Report (continued)
For the year ended 31 December 2015

Approach to setting remuneration

The Group uses a mix of fixed and 'at risk' remuneration to reward employees and drive performance. The Group also encourages employee share ownership through an employee share plan in Australia and the UK. Eligible participants are invited to acquire IRESS shares and IRESS matches this up to a maximum value. The Australian plan has been operating since 2013. In 2015, 245 employees participated, subscribing to 24,255 shares including 7,276 matched shares. The UK plan was established in 2015, with 190 employees subscribing to 39,814 shares including 5,407 matched shares.

High-performing employees making a significant contribution to long term value creation are also invited to participate in the Group's deferred equity STI scheme. The objective of this scheme is to drive retention of key employees and align the interest of employees with shareholders.

The Group targets a remuneration mix of fixed remuneration (40%), STI (33%) and LTI (27%) for the MD/CEO and an average remuneration mix of Fixed Remuneration (55%), STI (30%) and LTI (15%) for other Executive KMP. The proportion of remuneration received as equity is targeted at 47% of Total Remuneration for the MD/CEO and 35% on average for other Executive KMP. The Board believes that this target mix is effective in driving performance and aligning the interests of shareholders and Executive KMP.

Based on market information, IRESS believes its total remuneration opportunity is competitively positioned against comparable companies with a similar market capitalisation and/or operating in a similar industry sector.

Elements of KMP remuneration

Fixed remuneration

Fixed remuneration consists of base salary, superannuation, and non-monetary benefits (eg. secondment allowances) and is reviewed annually.

The following factors are taken into account when setting fixed remuneration levels at IRESS:

- The size and complexity of the role
- Skills and experience of the individual
- Market pay levels for comparable roles

IRESS is conscious that any adjustments to fixed remuneration have a flow-on impact on incentive awards. Therefore, any decision to increase fixed remuneration considers the resulting change in total remuneration.

Short-term incentives

STI awards are based on the Group's performance against the Group segment profitability target and satisfaction of individual objectives. Awards are typically one-third cash and two-thirds deferred equity. The Board retains discretion in its assessment of performance in order to allow for changes in priorities and deliverables over the course of the year.

a. What is the STI plan?	The STI is an 'at-risk' incentive awarded annually, subject to performance against agreed financial and non-financial performance measures.
b. Who participates in the STI plan?	The MD/CEO, other Executive KMP and select employees are eligible to participate in the STI plan.
c. How are STI awards delivered?	Generally: • One third of the STI award is delivered in cash. • Two thirds of the award is delivered in deferred share rights. A deferred share right is a deferred right issued by IRESS to acquire one fully paid ordinary share in IRESS (subject to adjustment for certain capital actions). • Deferred share rights vest subject to a three-year continuing service requirement and achievement of a satisfactory level of individual performance.
d. How is the STI plan funded?	The cash STI plan is funded by a Group-wide aggregate bonus pool. The target bonus pool is determined at the beginning of each financial year, taking into consideration budgeted Group segment profit. At the end of the financial year, the actual bonus pool available for allocation is determined with reference to the Group's financial performance relative to budgeted Group segment profit. This pool is then allocated to business segments and functions, based on financial performance and achievement towards strategic goals of the Group throughout the year. Executives then make recommendations for cash bonus and deferred equity allocations based on individual performance.
e. What is the target STI opportunity?	There is no set minimum or maximum STI opportunity as cash STI outcomes are based on Group segment profit and the resulting STI bonus pool for each financial year. As described above, the Board has established a target remuneration mix for the MD/CEO and other Executive KMP. However, the actual STI outcome for each executive will be determined, firstly, by the size of the cash STI bonus pool (which goes up or down based on the Group's performance against financial targets) and, secondly, by the performance of the individual executive. In addition to considering the target mix, group performance and individual performance, the Board further considers the total remuneration outcome for each executive in the context of the market.
f. Why does the Group consider the STI an appropriate incentive plan?	The available cash STI pool directly reflects Group performance. The cash STI component supports the Group's focus on a high performing culture by rewarding performance in areas critical to the Group, allowing differentiation between businesses and individuals. The deferred component of the STI award recognises ongoing contribution, enables retention of key employees and provides continuing alignment with shareholder interests.

g. What are the performance measures?	STI awards are delivered subject to performance against financial, operational, strategic and people objectives. Achievement of performance against the Group segment profitability target and satisfaction of individual objectives is required before any award is payable. Performance against operational, strategic and people objectives of the Group is also assessed in determining STI awards.

Key focus area	Performance goals
Financial	• Group segment profit performance.
Operational/Strategic: Clients	• Maintain resilient leadership in established markets.
Operational/Strategic: Growth	• Grow revenue organically and pursue inorganic opportunities where appropriate.
Operational/Strategic: Products	• Anticipate trends and innovate to maintain product leadership. • Align product development to current and emerging client needs.
Operational/Strategic: Company	• Enhance IRESS brand through strong stakeholder relationships and communication.
People	• Position IRESS as an employer of choice globally.

The performance goals in the table above are cascaded down from the MD/CEO to other Executive KMP. Each executive is set specific performance targets which they are accountable for and directly influence.

h. How is performance assessed?	At the end of the financial year, the Board assesses the Group's and individual Executive KMP's performance against objectives set at the start of the year. The Board retains discretion in its assessment of performance in order to allow for changes in priorities and deliverables over the course of the year.
i. What is the vesting period for deferred share rights?	Deferred share rights vest three years after the STI award is granted, provided the Board is satisfied that the individual's performance is satisfactory and the service condition is met. Given the qualitative nature of the performance conditions, Board assessment is considered the most appropriate mechanism to measure the conditions.
j. How will shares to satisfy deferred share rights be sourced?	The Board assesses annually whether to issue new shares or buy shares on market.
k. Is there a clawback provision?	The Board may exercise discretion to withhold deferred STI rights for unsatisfactory individual performance.
l. Are participants entitled to dividends and voting rights?	KMP deferred STI is received in the form of deferred share rights that do not carry any voting rights or receive dividends. Shares allocated upon the vesting of rights carry the same rights as any other IRESS share. Participants in the broader IRESS deferred STI scheme receive Deferred Shares which carry voting rights and receive dividends in the same manner as any other IRESS share.
m. How are STI awards treated upon termination?	If less than six months of the measurement period relating to the STI awards has elapsed at the date of cessation of employment: Any unvested deferred share rights will lapse. If six months or more of the measurement period relating to the STI award has elapsed at the date of cessation of employment: Any unvested deferred share rights will lapse, unless the Board exercises its discretion not to lapse the unvested deferred share rights, in which case participants will be entitled to receive a pro-rata amount subject to applicable law and the satisfaction of any conditions imposed by the Board under the plan.
n. How are STI awards treated upon a change of control?	In the event of a takeover bid, change of control, compromise or arrangement involving a scheme of arrangement, voluntary winding up or compulsory winding up of IRESS, the Board has discretion to allow unvested deferred share rights to vest.

Long-term incentives

a. What is the purpose of the Executive LTI plan?	The purpose of the Executive LTI plan at IRESS is to: • Closely link executives' interests with those of shareholders; and • Achieve the Group's long-term objective of delivering sustainable returns to shareholders.
b. Who participates in the LTI plan?	LTI grants are limited to the MD/CEO and Executives who are most able to influence shareholder value.
c. How are LTI awards delivered?	LTI awards are granted in the form of performance rights. A performance right is a right issued by IRESS to acquire one fully paid ordinary share in IRESS provided specific company performance hurdles are achieved.
d. What is the LTI opportunity?	The LTI opportunity is 67.5% of fixed remuneration for the MD/CEO and an average of 27.3% of fixed remuneration for other Executive KMP.
e. How does IRESS determine the amount of the LTI opportunity awarded?	As with STI awards, LTI awards are determined based on achievement of Group and individual objectives. In addition, the award of LTI gives consideration to the retention of key executives, the potential for long term value creation of the executive and the alignment of executive and shareholder interests.
f. How does IRESS determine how many rights to grant?	The number of LTI awards granted to each executive is calculated using fair value of the rights at or around the date of grant. Refer to Note 17 in the *Notes to the consolidated financial statements* for detail on the fair value calculation methodology applied to share based payments. *2016 change:* In order to improve the transparency of awards granted, from 2016, LTI awards will be calculated using a face value approach where grants are based on the prevailing weighted average share price at the date of grant.

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g. How is vesting determined?

Vesting of performance rights granted is determined based on relative TSR performance.

IRESS' TSR performance is measured against a comparator group consisting of companies listed in the S&P/ASX 200 Index, excluding mining and resources companies, and listed property trusts. The comparator group companies are determined as at the grant date of the awards.

The Board reviewed the LTI plan in 2015 and continues to believe that, at this time, relative TSR is the most appropriate way to align executive and shareholder interests, and reward executives for the Group's performance against peers within the industry.

The 2015 TSR calculation for IRESS and companies in the comparator group includes franking credits.

2016 change: From 2016, franking credits will be excluded from calculations to remove complexity and align with prevailing market practice. The exclusion of franking credits also reflects the increasingly global nature of IRESS' business.

The comparator peer group used to measure IRESS' relative TSR performance currently excludes companies that drop out of the S&P/ASX200 Index. In 2016 these companies will remain in the peer group for assessment of relative TSR.

h. What is the vesting schedule?

Performance rights vest on the following basis:

IRESS' relative TSR ranking	Percentage of performance rights to vest
Below 50th percentile	Nil.
50th percentile	50% of performance rights vest.
51st percentile to 74th percentile	Pro-rata vesting between 50% and 100%.
75th percentile or higher	100% of performance rights vest.

i. What is the performance period?

MD/CEO

The LTI grant for the MD/CEO consists of two tranches:

1) 50% of performance rights are assessed over a four-year period commencing on the date of the Annual General Meeting (AGM) (e.g. 7 May 2016 to 7 May 2020 for the FY15 grant).
2) Deferred performance rights: 50% of performance rights have a one-year deferred start and are assessed over a three-year period (e.g. 7 May 2017 to 7 May 2020 for the FY15 grant).

Other Executive KMP

Performance is assessed over a three-year performance period commencing on the date of the AGM. For the 2015 grant, performance will be measured from 7 May 2016 to 7 May 2019.

2016 change: From 2016, the LTI performance period will commence at the start of the relevant financial year (i.e. 1 January) (the length of the vesting period will be unchanged) to align measurement of individual and Group performance, and improve alignment of performance measurement to strategic time frames.

j. How will shares to satisfy the rights be sourced?

If shares are to be provided on vesting the Board assesses at the time of vesting whether to issue new shares or buy shares on market.

k. Are awards subject to re-testing if they do not vest on initial testing?

To the extent any portions of awards do not vest on the first test date, the awards are retested once, six months after the initial test date. Rights granted before 2014, are subject to six, monthly retests.

l. What happens to unvested LTI grants if an executive leaves the Group?

Reason other than resignation, termination for cause or gross misconduct: Unvested LTI awards will lapse in full (if less than 6 months of the performance period has elapsed at the date of cessation of employment) or pro-rata (if 6 months or more of the performance period has elapsed), unless the Board determines otherwise. Performance rights that do not lapse will remain eligible to vest in accordance with the terms.

Resignation, termination for cause or gross misconduct: All unvested LTI awards at the time of cessation of employment will lapse.

m. How are unvested LTI awards treated upon a change of control?

In the event of a takeover bid, change of control, compromise or arrangement involving a scheme of arrangement, voluntary winding up or compulsory winding up of IRESS, the Board has the discretion to allow unvested performance rights to vest.

n. Are participants entitled to dividends and voting rights?

Performance rights do not carry any voting rights or receive dividends. Shares allocated upon the vesting of rights carry the same rights as any other IRESS share.

o. Are there restrictions on dealing with securities allocated under the LTI plan?

Consistent with the *Corporations Act 2001*, participants are prohibited from hedging their unvested performance rights.

SECTION 6 – ACTUAL REMUNERATION RECEIVED

The table below details the actual remuneration received by IRESS' Executive KMP during 2015 and 2014.

Actual remuneration is provided in addition to the statutory remuneration (refer to section 8, page 31) to increase transparency of the remuneration actually received by executives during the year. Actual remuneration for 2015 does not include equity incentives

(a) awarded during 2015 (for 2014 performance), as the realisation of these awards is dependent upon remaining employed with the Group and achieving performance hurdles over a measurement period that extends beyond 2015; or
(b) to be awarded for 2015 performance, as these incentives remain subject to Board approval in May 2016.

Therefore actual remuneration received in 2015 included fixed remuneration paid during the year, cash STI earned for 2015 performance (accrued in 2015 and to be paid after the release of the 2015 financial results in February 2016), and deferred equity (STI and LTI) awarded in 2012 which vested in 2015.

Position	Financial Year	Fixed remuneration[a] $	STI[b] $ Cash STI earned	STI[b] $ Deferred STI vested[c][d]	LTI vested[d] $	Sign-on and termination payments $	Total actual remuneration earned $
MD/CEO							
A Walsh	2015	1,095,373	300,000	661,700	1,330,665	–	3,387,738
	2014	1,112,632	400,000	–	–	–	1,512,632
Other Executive KMP							
S Barnes	2015	445,000	54,000	206,248	222,661	–	927,909
	2014	429,058	58,000	–	–	–	487,058
S Bland	2015	443,361	–	143,623	418,891	563,378[g]	1,569,253
	2014	588,372	40,000	–	–	–	628,372
P Ferguson	2015	373,324	40,000	131,240	141,674	–	686,238
	2014	299,139	45,000	–	–	–	344,139
J Harris	2015	413,928	55,000	–	–	–	468,928
	2014	–	–	–	–	–	–
J McNeill (nee Milton)[e]	2015	365,122	40,429	–	–	–	405,551
	2014	323,564	29,777	–	–	–	353,341
S New[e]	2015	106,395	20,214	–	–	–	126,609
	2014	–	–	–	–	–	–
M Rady	2015	527,625	75,000	–	–	–	602,625
	2014[f]	301,126	40,000	–	–	–	341,126
D Walker	2015	517,114	100,000	157,122	458,374	–	1,232,610
	2014	504,393	85,000	–	–	–	589,393
Total Executive KMP	**2015**	**4,287,242**	**684,643**	**1,299,933**	**2,572,265**	**563,378**	**9,407,461**
	2014	**3,558,284**	**697,777**	**–**	**–**	**–**	**4,256,061**

(a) Base salary, superannuation and non-monetary benefits.
(b) STI paid or vested during the financial year. The amount disclosed for 2015 reflects the cash STI earned during the reporting period and deferred share rights granted in 2012 that vested in the reporting period.
(c) The vesting period for deferred STI was extended from 2 years to 3 years in 2012. As such, no deferred STI was eligible for vesting in 2014.
(d) The value of LTI and deferred STI that vested during the financial year is calculated on the basis of the share price at vesting date times the number of rights that vested. All deferred STI and LTI that vested during the 2015 financial year has been exercised.
(e) Remuneration of J McNeil and S New is denominated in British Pounds and is subject to foreign exchange movements. The Australian dollar amounts shown in the table have been converted at an average exchange rate of 0.4919.
(f) M Rady joined the Group during 2014.
(g) The $563,378 payment to S Bland related to a termination payment. There were no sign-on payments in the 2014 and 2015 financial years.

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SECTION 7 – REMUNERATION OUTCOMES AND THE LINK BETWEEN PERFORMANCE AND REWARD

Overview of Group performance

The table below provides summary information on the Group's earnings for the five years to 31 December 2015:

MEASURE	2015	2014	2013	2012	2011
Net Profit After Tax (NPAT) ($'000s)	55,385	50,671	24,241	39,228	41,341
Segment profit ($'000s) (a)	119,175	111,444	88,201	83,404	89,114
Statutory EPS – basic (cents)	35.2	32.3	17.5	30.6	32.6
Dividends per share – ordinary (cents) (b)	42.7	41.5	38.0	38.0	38.0
Franking credit included in dividend (cents)	10.30	7.11	13.60	14.66	13.94
Share price at 31 December	10.00	10.71	9.44	8.24	6.93
Annual TSR	(2.79%)	16.33%	19.97%	21.76%	(17.36%)
Annual TSR ASX200	(2.15%)	1.09%	14.09%	13.63%	(15.68%)

(a) Segment profit details are set out in Note 2 segment information.
(b) Dividend per share is calculated based on the total of the interim dividend and the announced (but not yet paid) final dividend relating to the financial year.
(c) For the purposes of this table, TSR excludes franking and is not calculated on the same basis as TSR used for LTI vesting.

IRESS accumulation index growth vs ASX 200

Translation of Group performance into STI awards

STI awards are based on the achievement of objectives against financial, operational, strategic and people measures. These categories are aligned with IRESS' business strategy.

At the start of the year the Board sets financial targets for the Group and a resulting target cash STI bonus pool for Executive KMP and other staff was established. 2015 financial performance was below these targets and cash STI bonus pool was adjusted down by 11% as a result. The Group performed well against operational and strategic objectives supporting long-term growth. The key items considered by the Board in determining STI and LTI allocations are summarised below:

Financial:

- Segment Profit increased 7% in 2015 driven by solid growth in the wealth management Australia and South African segments. The Board noted that foreign exchange fluctuations also contributed positively to the 2015 result. Segment profit increased by 3% assuming constant currency without the impact of acquisitions.
- After a flat first half, wealth management revenue in the United Kingdom (UK) grew 7% in the second half of 2015 (versus the first half) and the business ended the year with solid visible revenue momentum.
- Canadian revenue stabilised in 2015 but a significant investment in people and infrastructure resulted in a decline in segment profit. During the year, the Canadian business won a key contract with a large Canadian wealth manager that will drive future revenue growth.
- Financial markets revenue in Australia was resilient despite difficult industry conditions and the exit of a number of participants from the market. Industry exits combined with a material bad debt expense associated with a large client entering administration resulted in a segment profit decline year on year.
- Revenue growth in Asia was strong with 2015 client wins delivering positive revenue momentum.

Strategic:

- The Group successfully completed the acquisitions of Proquote and Pulse, bolstering its strategic UK market presence, and has completed the initial stage of business integration. The acquisition of Innergi was also completed in the year and added valuable digital content to enhance engagement with end users of XPLAN.
- Financial capacity was augmented with the increase in the size of the Group's debt capacity from $180m to $300m and the improved terms and tenor of these facilities.

Operational:

- Substantial developments in core products (including XPLAN Prime, IOS+, Viewpoint and MSO) were delivered which will both protect current income streams and drive future growth.
- Significant new client wins were achieved in all geographies including CBA in Australian wealth management, MD Financial in Canada and Maybank Kim Eng in Asia.
- High levels of customer retention and increasing product penetration across IRESS's core client base.

People:

- Significant investment in the development of leadership capabilities across the Group continues.
- Investment in core infrastructure continues laying the foundation to support growth.

Shareholder returns:

- Total shareholder return for the year (excluding the impact of franking credits) was nominally negative 2.79% which was slightly below the performance of the ASX200 which returned negative 2.15% over a volatile year for equity markets globally.
- Earnings per share (EPS) for 2015 was 35.2 cents per share, an increase of 9% on 2014.
- Dividends for 2015 (interim dividend of 16.0 cents and announced (but not yet paid) final dividend of 26.7 cents) total 42.7 cents, an increase of 3 per cent on 2014.

The Board's assessment of the Group's performance against 2015 objectives is summarised in the table below. This assessment, in conjunction with the performance of the MD/CEO and other Executive KMP against their individual objectives for the year, formed the basis for the determination of STI and LTI awards for the year.

OPERATIONAL, STRATEGIC AND PEOPLE MEASURES	2015 PERFORMANCE OUTCOME
Financial	Below target
Clients	At target
Growth	Above target
Products	Above target
Group	At target
People	At target

Executive KMP STI awards in FY15

The following table shows the proposed STI outcomes for each of the Executive KMP for 2015 and 2014. Cash STI amounts have been accrued but not paid as at the time of this report's release. Payment of cash STI and the granting of deferred share rights will occur in 2016 as described in Section 4. The value of deferred share rights is subject to final approval by the Board in May 2016 and the Board retains the discretion to alter these amounts up or down up to that day should the performance of the Group or of individual KMP vary materially.

As noted above, there is no set minimum or maximum STI opportunity for individual executives as STI outcomes are based on the agreed cash STI bonus pool (which is determined based on financial performance for the year) and the allocation between Executive KMP and other staff. As such, IRESS is unable to state a % of maximum STI forfeited for 2015.

The Board has established a target remuneration mix for the MD/CEO and other Executive KMP which it believes is effective in driving performance. It retains the discretion to vary the actual mix based on its assessment of Group and individual performance. The actual mix of base, STI and LTI relating to 2015 and 2014 performance is shown below.

The percentage of deferred share rights granted in previous years that lapsed during the year is shown in section 12. None of the proposed STI equity outcomes for the Executive KMP for 2015 have lapsed or been forfeited in 2015.

The below STI and LTI table shows total remuneration relating to 2015 and 2014 performance

	2015 EARNED				2014 EARNED			
	STI			LTI	STI			LTI
	Cash ($)	DSR(1) ($)	Total STI ($)	Total LTI(3) ($)	Cash ($)	DSR(1) ($)	Total STI ($)	Total LTI(3) ($)
A Walsh	300,000	466,330	766,330	596,689	400,000	496,100	896,100	618,000
S Barnes	54,000	145,000	199,000	110,000	58,000	139,999	197,999	110,002
S Bland	–	–	–	–	40,000	–	40,000	–
P Ferguson	40,000	100,000	140,000	85,000	45,000	94,999	139,999	75,000
J Harris(2)(4)	55,000	100,000	155,000	120,000	–	–	–	–
J McNeill (nee Milton)	40,429	60,000	100,429	50,000	29,777	49,998	79,775	–
S New(2)	20,214	60,000	80,214	40,000	–	–	–	–
M Rady(2)	75,000	170,000	245,000	135,000	40,000	135,002	175,002	129,998
D Walker	100,000	185,000	285,000	145,000	85,000	180,003	265,003	140,000
Total	**684,643**	**1,286,330**	**1,970,973**	**1,281,689**	**697,777**	**1,096,101**	**1,793,878**	**1,073,000**

(1) Fair value of deferred share rights proposed or awarded.
(2) M Rady joined the Group part way through 2014 and S New and J Harris joined the Group part way through 2015.
(3) Fair value of performance rights proposed or awarded.
(4) Performance rights with a fair value of $120,003 were awarded to J Harris as part of the May 2015 grant (shortly after he joined IRESS) reflecting a long term incentive appropriate for the role.

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The table below shows the actual mix of remuneration components relating to 2015 and 2014 performance compared to the target mix

	2015			2014		
	Fixed	STI	LTI	Fixed	STI	LTI
MD/CEO						
Target remuneration mix	40%	33%	27%	40%	33%	27%
Actual remuneration mix	42%	32%	25%	40%	36%	25%
Average of other Executive KMP						
Target remuneration mix	55%	30%	15%	55%	30%	15%
Actual remuneration mix	57%	27%	16%	61%	24%	15%

Translation of Group performance into LTI awards

LTI awards closely link executives' interests with those of shareholders and with the Group's long-term objective of delivering sustainable returns to shareholders.

IRESS' share price performance, along with other shareholder returns such as dividends, directly affects the vesting of LTI awards as all performance rights granted under the Executive LTI plan are subject to a relative TSR performance measure.

The diagram below illustrates the vesting outcomes for those LTI grants eligible to vest in 2015 based on the Group's relative TSR performance.

None of the LTI performance rights to be awarded for performance in 2015 have lapsed or been forfeited in 2015.

Relevant LTI grants to be tested in FY15
- MD/CEO: FY11 grant
- Other Executive KMP: FY12 grant

Performance periods ending in FY15
- MD/CEO:
  - Performance rights: 7 May 2011 to 7 May 2015
  - Deferred performance rights: 7 May 2012 to 7 May 2015
- Other Executive KMP: 7 May 2012 to 7 May 2015

Relative TSR performance
IRESS' maximum TSR performance as measured on 7 May 2015 and subsequent retest dates was:

7 MAY 2011 TO 7 MAY 2015
- TSR 27.29%
- Percentile rank: 38.7th percentile

7 MAY 2012 TO 7 MAY 2015
- TSR: 62.98%
- Percentile rank: 68.7th percentile

LTI vesting outcomes
MD/CEO:
- Performance rights: 0% of performance rights vested.
- Deferred performance rights: 87.4% of performance rights vested.

Other Executive KMP: 87.4% performance rights vested.

SECTION 8 – EXECUTIVE KMP STATUTORY REMUNERATION

The table below presents details of Executive KMP remuneration prepared in accordance with statutory requirements and AASB 2 accounting standards. Under this standard deferred share rights and performance rights are expensed based on the grant date fair value over the vesting period.

		SHORT-TERM BENEFITS			POST-EMPLOYMENT ENTITLEMENTS	LONG-TERM BENEFITS				
Position	Financial Year	Salary and Fees (a) $	Non-Monetary (b) $	Cash incentive (c) $	Superannuation (d) $	Share based payments – Deferred Share Rights $	Share based payments – Performance Rights $	Termination payments $	Total Remuneration	Performance-related remuneration as % of total remuneration
MD/CEO										
A Walsh	2015	1,000,000	65,373	300,000	30,000	450,149	681,230	–	2,526,752	57%
	2014	1,000,000	82,632	400,000	30,000	381,087	821,619	–	2,715,338	59%
Executive KMP										
S Barnes	2015	410,000	–	54,000	35,000	134,201	102,753	–	735,954	40%
	2014	406,667	–	58,000	22,391	116,056	87,813	–	690,927	38%
S Bland	2015	420,000	1,449	–	21,913	(71,782)	44,203	563,378	979,161	N/A
	2014	560,000	1,772	40,000	26,600	116,090	146,687	–	891,149	34%
P Ferguson	2015	337,500	2,099	40,000	33,725	102,123	66,192	–	581,639	36%
	2014	282,500	1,525	45,000	15,114	88,445	55,555	–	488,139	39%
J Harris	2015	350,641	29,976	55,000	33,311	–	26,035	–	494,963	16%
	2014	–	–	–	–	–	–	–	–	–
J McNeill (nee Milton) (e)	2015	330,226	6,661	40,429	28,235	163,908	11,641	–	581,100	37%
	2014	292,263	6,330	29,777	24,971	148,755	7,597	–	509,693	37%
S New (e)	2015	106,127	268	20,214	–	–	–	–	126,609	16%
	2014	–	–	–	–	–	–	–	–	–
M Rady	2015	500,000	–	75,000	27,625	29,289	28,204	–	660,118	20%
	2014	275,001	–	40,000	26,125	–	–	–	341,126	12%
D Walker	2015	485,000	1,948	100,000	30,166	161,728	141,154	–	919,996	44%
	2014	479,750	1,772	85,000	22,871	124,346	159,995	–	873,734	42%
Total	**2015**	**3,939,494**	**107,774**	**684,643**	**239,975**	**969,616**	**1,101,412**	**563,378**	**7,606,292**	**36%**
	2014	**3,296,181**	**94,031**	**697,777**	**168,072**	**974,779**	**1,279,266**	**–**	**6,510,106**	**45%**

(a) No Executive KMP had short term compensated absences during the 2014 or 2015 financial years.
(b) Non-Monetary benefits relate to health insurance subsidies received, A Walsh UK secondment allowance and relocation costs; and J Harris relocation costs.
(c) There were no other short term profit sharing and other bonuses, or other short term employee benefits, provided to the Executive KMP during the 2014 or 2015 financial years.
(d) There were no pension benefits or other post-employment benefits provided to the Executive KMP in the 2014 or 2015 financial years.
(e) Remuneration of J McNeill and S New are denominated in British Pounds and are subject to FX movements. The Australian dollar amounts shown in the table were converted at an average foreign exchange rate of 0.4919.

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SECTION 9 – EXECUTIVE KMP SERVICE AGREEMENTS

All IRESS Executive KMP have a formal contract, known as a service agreement. These agreements are of an ongoing nature and have no set term of service.

The key terms of the service agreements for the MD/CEO and other Executive KMP are summarised below. Executive KMP termination entitlements are limited to 12 months base salary.

MD/CEO

CRITERION	ARRANGEMENTS
Term of contract	Ongoing.
Notice period	Six months (from the employee and Group).
Resignation	The MD/CEO may resign by giving six months written notice.
Retirement	There are no additional financial entitlements due from IRESS on retirement.
Termination on notice by IRESS	IRESS may terminate the employment agreement by providing six months written notice, or payment in lieu of the notice period.
Redundancy	If IRESS terminates employment for reasons of bona fide redundancy, a severance payment will be made. The quantum of the payment will be determined subject to the Board's discretion, taking into account matters such as statutory requirements, the executive's contribution, position and length of service.
Termination for serious misconduct	IRESS may terminate the employment agreement at any time without notice.
Restraint of trade	A restraint of trade arrangement exists during the MD/CEO's employment for a period of six months following his employment with the Group.

An addendum to Mr A Walsh's employment contract was implemented in 2013 to support his short-term secondment to the UK following the acquisition of Avelo. This arrangement assisted Mr A Walsh with the incremental costs incurred in a short-term transfer of this type. The primary benefits related to accommodation and education support that continued to be provided in 2015 until his relocation back to Australia in August 2015. The addendum arrangement terminated on Mr A Walsh's permanent return to Australia.

Executive KMP

Details of the contractual terms for the other Executive KMP members are aligned with the terms set out above for the MD/CEO, with the key points of differences as follows:

CRITERION	ARRANGEMENTS
Notice period	Six months with the exception of P Ferguson and S Barnes whose notice period is a minimum of three months.
Restraint of employment	No restraint of employment provisions apply.

Upon his cessation of employment as CFO on 1 October 2015 Mr S Bland received a termination payment of $563,378 and payment for accrued statutory leave entitlements. This payment was consistent with his service agreement and in line with statutory thresholds. In addition, Mr S Bland retains 32,511 performance rights that were issued in 2013 and 2014 and 9,989 Deferred Share Rights that were issued in 2014. The vesting conditions associated with these performance rights are unchanged. All other deferred equity rights were forfeited upon cessation of employment.

SECTION 10 – REMUNERATION GOVERNANCE

The Board and People and Performance Committee (PPC) work closely to apply the Group's remuneration philosophy and ensure our strategy drives and supports sustainable shareholder value.

How remuneration decisions are made – roles and responsibilities

Board

- Oversees remuneration
- Ultimately responsible for recommendations and decisions made by the PPC
- Approves remuneration policy for NEDs, CEO and other senior executives
- Reviews PPC charter annually

With advice from

People and Performance Committee

- Reviews remuneration taking into account a wide variety of information including internal budgets, general and specific global and regional market factors, and peer review
- Makes recommendations to the Board on remuneration matters
- Where relevant, approves the remuneration arrangements for Executives
- Governed by PPC charter

Based on input from

External advisors

- At IRESS' request, external advisors provide both information on current market practice and independent input into key remuneration decisions
- The terms of engagement for external advisors include specific measures designed to protect to independence
- External advisors interact with members of IRESS' management team

Management

- Management makes relevant proposals to the PPC for consideration by the Board, taking into consideration external advice

Individual executives, including the MD/CEO, do not participate in People & Performance Committee meetings where their own remuneration is being discussed.

To ensure independence, IRESS' management team is precluded from requesting services from an external advisor that would be considered a 'remuneration recommendation' as defined by the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011*.

No remuneration recommendations (as defined by the Corporations Act 2001) were provided to the IRESS Board during the reporting period.

SECTION 11 – NON-EXECUTIVE DIRECTOR FEES

In order to ensure independent oversight of the Group, NEDs do not participate in performance-based incentives or receive post-employment benefits.

Approach to setting NED fees

The Group's NEDs receive fees for their services plus the reimbursement of reasonable expenses. The NED fee structure takes into account the responsibilities of NEDs and the time spent by NEDs on IRESS matters.

NED fees are reviewed annually and are determined by the Board in consideration of fees paid to NEDs by comparable companies. The Board seeks external advice on this subject where considered necessary.

Directors' Report (continued)
For the year ended 31 December 2015

Maximum aggregate NED fee pool

The total amount of remuneration provided to all NEDs is determined by shareholders at the Annual General Meeting in accordance with the Group's Constitution. The maximum aggregate remuneration for NEDs is set around the median level for comparable companies, to provide the ability for IRESS to attract and retain appropriately qualified and experienced directors.

The maximum aggregate remuneration of $900,000 per annum was approved at the Annual General Meeting held on 2 May 2013. The total amount of remuneration paid to NEDs in 2015 was $784,623.

NED fee policy

The table below contains the fee policy for NEDs during 2015. No changes to fees were made from 2014 to 2015. Fees include statutory superannuation contributions or fees in lieu of statutory superannuation contributions paid by the Group.

ROLE	POLICY FEES ($)
Board Chair	200,000
Board member	110,000
Audit and Risk Committee	
Chair	22,000
Member	Nil
People and Performance Committee	
Chair	22,000
Member	Nil

The Board Chair is not entitled to additional Committee fees.

Non-executive Director statutory remuneration

The total statutory remuneration paid to NEDs during 2015 and 2014 is as set out in the table below.

		SHORT-TERM BENEFITS	POST-EMPLOYMENT ENTITLEMENTS	
	Financial year	Fees $	Superannuation $	Total $
Non-executive Directors				
A D'Aloisio	2015	182,648	17,352	200,000
	2014	119,423	11,225	130,648
N Beattie [(a)]	2015	100,833	8,957	109,790
	2014	–	–	–
J Cameron	2015	100,457	9,543	110,000
	2014	98,276	9,213	107,489
J Hayes	2015	120,548	11,452	132,000
	2014	117,892	11,056	128,948
J Seabrook	2015	120,548	11,452	132,000
	2014	117,892	11,056	128,948
G Tomlinson	2015	92,085	8,748	100,833
	2014	–	–	–
P Dunai [(b)]	2015	–	–	–
	2014	132,962	12,413	145,375
Total Non-executive Director fees	**2015**	**717,119**	**67,504**	**784,623**
	2014	**586,445**	**54,963**	**641,408**

(a) NED fees are paid inclusive of superannuation for all NEDs except for N Beattie. N Beattie is paid NED fees excluding superannuation. Superannuation for N Beattie is paid on a percentage of total fees relating to the portion of work performed in Australia.

(b) P Dunai retired 27 September 2014.

SECTION 12 – ADDITIONAL REQUIRED DISCLOSURES

Deferred share rights and performance rights awarded during the year

The table below discloses deferred share rights and performance rights granted to the Executive KMP during the year. No rights vest if the conditions are not satisfied, hence the minimum value yet to vest is nil. The maximum value of the grants yet to vest has been determined as the fair value of awards at grant date that is yet to be expensed. None of the rights granted during the year either vested or lapsed in 2015.

Deferred share rights and performance rights are granted for no consideration and have an exercise price of $1 for all deferred share rights or performance rights exercised on a particular day. Executive KMP who exercised their rights during the year paid this sum on exercise.

Executive	Vehicle	Financial year	Grant date	Number of rights granted	Fair value at grant date ($)	Vesting date (a)	Expiry date (a)
A Walsh	Deferred share rights	2015	7 May 2015	55,000	9.02	7 May 2018	7 May 2018
	Performance rights	2015	7 May 2015	60,000	5.17	7 May 2019	7 Nov 2019
		2015	7 May 2015	60,000	5.13	7 May 2019	7 Nov 2019
S Barnes	Deferred share rights	2015	7 May 2015	15,521	9.02	7 May 2018	7 May 2018
	Performance rights	2015	7 May 2015	20,755	5.30	7 May 2018	7 Nov 2018
S Bland	Deferred share rights	–	–	–	–	–	–
	Performance rights	–	–	–	–	–	–
P Ferguson	Deferred share rights	2015	7 May 2015	10,532	9.02	7 May 2018	7 May 2018
	Performance rights	2015	7 May 2015	14,151	5.30	7 May 2018	7 Nov 2018
J Harris	Deferred share rights	2015	–	–	–	–	–
	Performance rights	2015	7 May 2015	22,642	5.30	7 May 2018	7 Nov 2018
J McNeill (nee Milton)	Deferred share rights	2015	7 May 2015	5,543	9.02	7 May 2018	7 May 2018
	Performance rights	–	–	–	–	–	–
S New	Deferred share rights	2015	–	–	–	–	–
	Performance rights	2015	–	–	–	–	–
M Rady	Deferred share rights	2015	7 May 2015	14,967	9.02	7 May 2018	7 May 2018
	Performance rights	2015	7 May 2015	24,528	5.30	7 May 2018	7 Nov 2018
D Walker	Deferred share rights	2015	7 May 2015	19,956	9.02	7 May 2018	7 May 2018
	Performance rights	2015	7 May 2015	26,415	5.30	7 May 2018	7 Nov 2018

(a) Vested rights will be automatically exercised for Australian Executive KMP on or around the time IRESS notifies them that their rights have vested. For Executive KMP outside Australia, vested rights may be exercised at any time before 7 May 2020.

Directors' Report (continued)
For the year ended 31 December 2015

Deferred share rights and performance rights vested and lapsed during the year

The table below discloses deferred share rights and performance rights that had vesting determinations made during the year for the Executive KMP.

Executive	Vehicle	Financial year	Grant date	Number of rights granted	Fair value at grant date ($)	Vesting date	Expiry date	Number of rights vested*	Number of rights lapsed
	Deferred share rights	2012	7 May 2012	65,000	6.18	7 May 2015	7 May 2015	65,000	–
	Performance rights	2011	7 May 2011	150,000	5.87	7 May 2015	7 Nov 2015	–	150,000
A Walsh	Performance rights	2011	7 May 2011	150,000	5.79	7 May 2015	7 Nov 2015	131,100	18,900
	Deferred share rights	2012	7 May 2012	20,320	6.18	7 May 2015	7 May 2015	20,320	–
S Barnes	Performance rights	2012	7 May 2012	25,100	3.76	7 May 2015	7 Nov 2015	21,937	3,163
	Deferred share rights	2012	7 May 2012	14,150	6.18	7 May 2015	7 May 2015	14,150	–
S Bland	Performance rights	2012	7 May 2012	47,220	3.76	7 May 2015	7 Nov 2015	41,270	5,950
	Deferred share rights	2012	7 May 2012	12,930	6.18	7 May 2015	7 May 2015	12,930	–
P Ferguson	Performance rights	2012	7 May 2012	15,970	3.76	7 May 2015	7 Nov 2015	13,958	2,012
	Deferred share rights	2012	–	–	–	–	–	–	–
J Harris	Performance rights	2012	–	–	–	–	–	–	–
J McNeill	Deferred share rights	2012	–	–	–	–	–	–	–
(nee Milton)	Performance rights	2012	–	–	–	–	–	–	–
	Deferred share rights	2012	–	–	–	–	–	–	–
S New	Performance rights	2012	–	–	–	–	–	–	–
	Deferred share rights	2012	–	–	–	–	–	–	–
M Rady	Performance rights	2012	–	–	–	–	–	–	–
	Deferred share rights	2012	7 May 2012	15,480	6.18	7 May 2015	7 May 2015	15,480	–
D Walker	Performance rights	2012	7 May 2012	51,670	3.76	7 May 2015	7 Nov 2015	45,160	6,510

* One ordinary share is provided for each vested right, subject to adjustment for certain capital actions. Shares provided on vesting of rights are fully paid and accordingly there is no unpaid amount.

Shareholdings

The number of ordinary shares held in the Company during the financial year by each KMP, including their personally related parties is set out below.

	Balance as at 1 Jan 2015 (a)	Shares acquired during the year (b)	Other changes	Balance as at 31 Dec 2015 (a)
NEDs				
A D'Aloisio [(c)]	35,534	–	–	35,534
N Beattie	–	–	–	–
J Cameron	36,668	–	–	36,668
J Hayes	12,467	–	–	12,467
J Seabrook	36,667	–	–	36,667
G Tomlinson	–	–	–	–
Executive KMP				
A Walsh	258,521	196,100	–	454,621
S Barnes	–	42,257	–	42,257
P Ferguson	–	26,888	–	26,888
J Harris	–	–	–	–
J McNeill (nee Milton)	–	–	–	–
S New	–	–	–	–
M Rady	–	–	–	–
S Bland [(d)]	27,478	55,420	(62,898)	20,000
D Walker	571,223	60,640	(78,226)	553,637
Total	**978,558**	**381,305**	**(141,124)**	**1,218,739**

(a) Balance includes shares held on behalf of KMP by the trustee under the IRESS Limited Equity Plans Trust Deed.
(b) Shares acquired by Executive KMP during the year were acquired on the exercise of deferred share rights and performance rights granted as compensation.
(c) A D'Aloisio acquired 6,045 shares in 2014. The opening balance has been amended to reflect this.
(d) S Bland opening balance has been restated from prior year to 27,428.

Options

There were no listed options held in the Company by KMP during the financial year ended 31 December 2015.

Rights held during the financial year

The number of deferred shares, deferred share rights (deferred STI) and LTI performance rights held in the Company by each Executive KMP is set out below. No rights are granted to NEDs or related parties.

LTI Performance Rights

	Balance as at 1 January 2015	Granted as compensation	Vested during the year (a)	Forfeited during the year	Balance as at 31 December 2015 (b)
MD/CEO					
A Walsh	716,000	120,000	(131,100)	(168,900)	536,000
Executive KMP					
S Barnes	69,700	20,755	(21,937)	(3,163)	65,355
S Bland	99,790	–	(41,270)	(26,009)	32,511
P Ferguson	44,200	14,151	(13,958)	(2,012)	42,381
J Harris	–	22,642	–	–	22,642
J McNeill (nee Milton)	8,370	–	–	–	8,370
S New	–	–	–	–	–
M Rady	–	24,528	–	–	24,528
D Walker	109,810	26,415	(45,160)	(6,510)	84,555
Total	**1,047,870**	**228,491**	**(253,425)**	**(206,594)**	**816,342**

(a) All performance rights that vested during the financial year are exercisable. No shares vested during the year are unexercisable.
(b) No performance rights were, as at 31 December 2015 vested (or vested and exercisable) and not yet exercised; or vested and unexercisable.

Directors' Report (continued)
For the year ended 31 December 2015

STI Deferred Share Rights

	Balance as at 1 January 2015	Granted as compensation	Vested during the year [a]	Forfeited during the year	Balance as at 31 December 2015 [a] [b]
MD/CEO					
A Walsh	178,000	55,000	(65,000)	–	168,000
Executive KMP					
S Barnes	54,470	15,521	(20,320)	–	49,671
S Bland	54,330	–	(14,150)	(30,191)	9,989
P Ferguson	41,080	10,532	(12,930)	–	38,682
J Harris	–	–	–	–	–
J McNeill (nee Milton)	59,811	5,543	–	–	65,354
S New	–	–	–	–	–
M Rady	–	14,967	–	–	14,967
D Walker	58,220	19,956	(15,480)	–	62,696
Total	**445,911**	**121,519**	**(127,880)**	**(30,191)**	**409,359**

(a) All deferred share rights that vest during the financial year are exercisable. No shares vested during the year are unexercisable.
(b) No deferred share rights were, as at 31 December 2015 vested (or vested and exercisable) and not yet exercised; or vested and unexercisable.

Transactions with KMP
No transactions involving an equity instrument (excluding share based payment compensation) occurred between KMP and the Company during 2015.

Loans to KMP or related parties
No loans to KMP or related parties were provided during 2015.

Terms used in this remuneration report

TERM	MEANING
CFO	Chief Financial Officer
Executives	Members of IRESS' Executive Leadership Team (including the Executive KMP and other executives)
Executive KMP	The KMP that are also part of the Executive Leadership Team (including the MD/CEO, the CFO and other Group executives)
KMP	KMP are those people with authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly
LTI	Long-term incentives
MD/CEO	Managing Director and Chief Executive Officer
NED	Non-executive Director
PPC	People & Performance Committee (PPC)
STI	Short-term incentives
TSR	TSR measures the percentage change in a company's security price together with the value of dividends/distributions received during the period, assuming that all of those dividends/distributions are re-invested into new securities

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

A D'ALOISIO
CHAIRMAN

25 February 2016

A WALSH
CHIEF EXECUTIVE OFFICER
AND MANAGING DIRECTOR

25 February 2016

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
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25 February 2016

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 2015, 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 Accountants

Financial Report

Contents

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2015

	Notes	2015 $'000	2014 $'000
Revenue		361,464	328,964
Other income		242	109
Customer data fees		(29,192)	(28,456)
Communication and other technology expenses		(17,601)	(14,555)
Employee benefit expenses	5	(185,062)	(162,966)
Other expenses	4	(27,224)	(26,881)
Foreign exchange gain		9,831	1,702
Profit before depreciation, amortisation, interest and income tax		112,458	97,917
Depreciation and amortisation expense	4	(26,267)	(23,371)
Profit before interest and income tax expense		86,191	74,546
Interest revenue		1,776	1,951
Interest expense		(10,847)	(10,821)
Financing expense [1]		(8,214)	(2,275)
Net interest and financing costs		(17,285)	(11,145)
Profit before income tax		68,906	63,401
Income tax expense	8	(13,521)	(12,730)
Profit after income tax		55,385	50,671
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		8,782	8,860
Total comprehensive income for the period		**64,167**	**59,531**

		Cents per share	Cents per share
Earnings per share	6		
Basic earnings per share		35.17	32.33
Diluted earnings per share		34.66	31.87

(1) Comprises the revaluation of the derivative liabilities.

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

Consolidated statement of financial position
As at 31 December 2015

	Notes	2015 $'000	2014 $'000
Assets			
Current assets			
Cash and cash equivalents		39,233	74,914
Trade and other receivables	9	37,294	34,577
Current tax receivables		31	37
Total current assets		**76,558**	**109,528**
Non-current assets			
Plant and equipment	10	9,998	9,675
Intangibles	11	529,300	433,343
Deferred tax assets	8	28,413	21,387
Other financial assets		33	34
Total non-current assets		**567,744**	**464,439**
Total assets		**644,302**	**573,967**
Liabilities			
Current Liabilities			
Trade facilities	13	2,133	–
Trade and other payables		33,466	26,604
Current tax payables		5,275	1,762
Provisions	12	8,713	6,583
Derivative liabilities	13	10,069	–
Total current liabilities		**59,656**	**34,949**
Non-current liabilities			
Borrowings	13	200,903	179,110
Trade and other payables		8,000	–
Derivative liabilities	13	11,055	12,910
Provisions	12	7,580	4,863
Deferred tax liabilities	8	17,797	11,351
Total non-current liabilities		**245,335**	**208,234**
Total liabilities		**304,991**	**243,183**
Net assets		**339,311**	**330,784**
Equity			
Issued capital	15	275,983	275,315
Reserves		45,093	31,760
Retained earnings		18,235	23,709
Total equity		**339,311**	**330,784**

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

Consolidated statement of changes in equity
For the year ended 31 December 2015

	Issued capital $'000	Retained earnings $'000	Share based payments reserve $'000	Foreign currency translation reserve $'000	Total equity $'000
2015					
Balance at 1 January 2015	275,315	23,709	16,604	15,156	330,784
Profit for the period	–	55,385	–	–	55,385
Other comprehensive income	–	–	–	8,782	8,782
Total comprehensive income	**–**	**55,385**	**–**	**8,782**	**64,167**
Transactions with owners in their capacity as owners:					
Dividends declared	–	(66,175)	–	–	(66,175)
Share-based payment expense	–	–	9,867	–	9,867
Employee share payments	668	–	–	–	668
Transfer share-based payments reserve[1]	–	5,316	(5,316)	–	–
	668	(60,859)	4,551	–	(55,640)
Balance at 31 December 2015	**275,983**	**18,235**	**21,155**	**23,938**	**339,311**
2014					
Balance at 1 January 2014	275,315	(9,417)	54,575	6,296	326,769
Profit for the period	–	50,671	–	–	50,671
Other comprehensive income	–	–	–	8,860	8,860
Total comprehensive income	–	50,671	–	8,860	59,531
Transactions with owners in their capacity as owners:					
Dividends declared	–	(64,434)	–	–	(64,434)
Share-based payment expense	–	–	8,918	–	8,918
Transfer share-based payments reserve[1]	–	46,889	(46,889)	–	–
	–	(17,545)	(37,971)	–	(55,516)
Balance at 31 December 2014	**275,315**	**23,709**	**16,604**	**15,156**	**330,784**

(1) Share grants which have fully expired have been transferred from share based payment reserve to retained earnings.

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

Consolidated statement of cash flows
For the year ended 31 December 2015

	Notes	2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers		403,176	362,953
Payments to suppliers		(111,836)	(97,956)
Payments to employees		(175,404)	(164,563)
Interest received		1,776	1,951
Interest paid		(10,921)	(10,821)
Income taxes paid		(16,045)	(9,017)
Net cash inflow from operating activities	3	**90,746**	**82,547**
Cash flows from investing activities			
Payments for plant and equipment		(6,058)	(8,095)
Payments for intangibles		(4,557)	(2,752)
Proceeds from sale of plant and equipment		169	–
Acquisition of subsidiaries & businesses, net of cash acquired		(70,880)	(2,208)
Acquisition and integration costs paid		(3,500)	(1,026)
Net cash outflow from investing activities		**(84,826)**	**(14,081)**
Cash flows from financing activities			
Proceeds from borrowings		250,849	–
Repayments of borrowings		(224,805)	–
Proceeds from employee share plan repayments		668	–
Dividends paid		(66,288)	(64,275)
Net cash outflow from financing activities		**(39,576)**	**(64,275)**
Net (decrease)/increase in cash and cash equivalents		(33,656)	4,191
Cash and cash equivalents at the beginning of the financial year		74,914	71,405
Effects of exchange rate changes on cash and cash equivalents		(2,025)	(682)
Cash and cash equivalents at end of the year		**39,233**	**74,914**

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

Notes to the consolidated financial statements

For the year ended 31 December 2015

BASIS OF PREPARATION

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

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 disclosures in the financial report for the year ended 31 December 2015 have been enhanced to improve the relevance and readability for users of the financial report. As a result of enhancing the financial report, certain line items within the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position have been combined and re-stated in the comparative period.

The financial statements were authorised for issue by the Directors on 25 February 2016.

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

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

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.

(b) Employee benefits

Short-term employee benefits are expensed as the related service is provided. A provision is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Contributions to defined contribution superannuation plans are expensed when incurred.

(c) Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets are classified into the following categories;

- Loans and receivables – subsequently measured at amortised cost
- Fair value through profit or loss – subsequently measured at fair value by reference to active market transactions or using a valuation technique where no active market exists.
- Held to maturity – subsequently measured at amortised cost
- Available for sale – subsequently measured at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(d) Foreign currency translation

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.

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.

Foreign operations

Assets and liabilities of foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Any exchange differences are recognised in equity. On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

(e) Income tax

Current tax

Current tax comprises expected tax payable/receivable on taxable income/loss for the year and any prior period adjustments. Current tax is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for;

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that the future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax 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 only if certain criteria are met.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Income tax (continued)

Tax consolidation

The Company and 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).

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.

(f) Intangible assets

Intangible assets are initially measured at cost if it is probable that future economic benefits that are attributable to the asset will flow to the entity and the cost can be measured reliably.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is generally recognised in profit or loss.

Identifiable intangible assets with a finite life are amortised on a straight-line basis over their expected useful life as follows.

- Computer software 1 – 8 years
- Customer lists 2 – 3 years
- Customer relationships 1 – 10 years
- Brand names 1 – 10 years

Identifiable intangible assets with indefinite life are not amortised but tested for impairment annually. The Group holds Database indefinite life intangible assets.

(g) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If any obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(h) 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 of impairment. If any such indication exists, the assets recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, the recoverable amount of an asset or cash generating unit (CGU) is the greater of its value in use and its fair value less cost of disposal. Value in use is based on the estimated future cash flows, 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 or CGU. The Group uses a post-tax discount rate applied to post-tax estimated future cash flows.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss can only be reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment of goodwill is not subsequently reversed.

(i) Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group.

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.

An entity is controlled when IRESS is exposed to, or has rights to, variable returns from involvement with the entity and has the ability to affect those returns through power over the entity.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

(j) Plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis over its expected useful life, the following estimated useful lives are used in the calculation of depreciation.

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

(k) Leases

Leases in which a significant amount of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

(l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(m) Revenue recognition

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 state of completion of the contract. The state of completion of the contract is determined by reference to the proportion of the term of the delivery of services that has expired.

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any gains or losses are recognised in the profit or loss in the event the borrowings are derecognised.

(o) Borrowing Costs

Borrowing costs not related 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.

(p) Share based payments

The grant date fair value of equity settled share based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(q) Derivatives

Derivatives are initially recognised at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss.

(r) Adoption of new and revised accounting standards

The Group has adopted all 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 on or after 1 January 2015.

REFERENCE	TITLE	APPLICATION
AASB 2014-1	Amendments to Australian Accounting Standards Part A: Annual improvements Part B: Defined Benefit Plans Part C: Materiality	1 Jan 2015
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	1 Jan 2015
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	1 Jul 2015

At the date of authorisation of the financial report, the following relevant Standards and Interpretations were in issue but not yet effective.

REFERENCE	TITLE	APPLICATION
AASB 15	Revenue from Contracts with Customers	1 Jan 2018
AASB 2014-5	Amendments to Australian Accountings Standards arising from AASB 15	1 Jan 2018
AASB 1057	Application of Australian Accounting Standards	1 Jan 2016
AASB 9	Financial Instruments	1 Jan 2018
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 Jan 2016
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 Jan 2016
IFRS 16	Leases	1 Jan 2019

With the exception of AASB 15 and IFRS 16, Management have assessed the impact of the adoption of these Accounting Standards and Interpretations in future periods on the financial statements of the Group.

Management do not believe these Accounting Standards and Interpretations will have a material impact in future periods on the financial statements of the Group at this point in time. Management are in the process of assessing the impact of AASB 15 in future periods on the financial statements of the Group.

The Group does not intend to early adopt any of these pronouncements.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Use of estimates and judgements

In the preparation of the financial statements, Management is required to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. These estimates and associated assumptions are based on historical experience and are assessed to be reasonable under the circumstances. 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. The most significant of these assumptions and judgements are:

Impairment

When determining whether an asset or CGU 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 requires the Company to estimate the future cash-flows expected to arise from the CGU and a suitable discount rate to calculate present value.

Business combinations

The cost process 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.

Tax treatment assumptions

The Group is subject to income taxes in Australia and overseas jurisdictions. 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. SEGMENT INFORMATION

The Group's operations are managed by region. The exceptions to this are in Australia and New Zealand, where the operations are still managed by financial markets and wealth management, and in the United Kingdom, where the operations are currently managed by financial markets, wealth management and enterprise lending. Any transactions directly between segments are charged on an arm's length basis.

The below table outlines revenue by product.

	2015 $'000	2014 $'000
Revenue by product		
Financial markets	154,816	146,651
Wealth management	173,880	151,516
Enterprise lending	32,768	30,797
	361,464	**328,964**

The Group's segments are outlined below.

ANZ financial markets

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

ANZ wealth management

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

Canada

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

South Africa

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

Asia

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

UK financial markets

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

UK enterprise lending

This enterprise lending segment operates in the United Kingdom to provide enterprise mortgage origination software and associated consulting services.

UK wealth management

Provides financial planning systems and related tools to wealth management professionals located in the United Kingdom.

The below table outlines assets and liabilities by geographical areas.

	2015		2014	
REGION	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
Australia and New Zealand	51,867	189,926	101,515	194,768
Canada	5,254	1,950	6,302	1,877
South Africa	30,330	5,836	33,512	5,441
Asia	2,696	2,662	4,120	489
United Kingdom	554,155	104,617	428,518	40,608
Total	**644,302**	**304,991**	**573,967**	**243,183**

2. SEGMENT INFORMATION (CONTINUED)

REPORTABLE SEGMENTS 2015 $'000	ANZ FINANCIAL MARKETS	ANZ WEALTH MGMT	TOTAL ANZ	CANADA	SOUTH AFRICA	ASIA	UK FINANCIAL MARKETS	UK WEALTH MGMT	UK ENTERPRISE LENDING	TOTAL UK	TOTAL
Revenue	108,593	80,322	188,915	19,482	26,614	2,541	4,937	86,207	32,768	123,912	**361,464**
Other income	165	–	165	–	–	77	–	–	–	–	**242**
Total revenue & other income	108,758	80,322	189,080	19,482	26,614	2,618	4,937	86,207	32,768	123,912	**361,706**
Results											
Segment profit / (loss)	46,564	38,260	84,824	2,598	8,580	(4,049)	(2,038)	21,937	7,323	27,222	**119,175**
Share based payment expense											**(9,867)**
Non-recurring items(1)											**3,150**
Profit before interest, tax, depreciation & amortisation											**112,458**
Depreciation & amortisation	(14,024)	(420)	(14,444)	(495)	(874)	(114)	(776)	(6,753)	(2,811)	(10,340)	**(26,267)**
Profit before interest & tax											**86,191**
Net financing expense											**(17,285)**
Profit before income tax expense											**68,906**
Income tax expense											**(13,521)**
Profit for the year											**55,385**

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

REPORTABLE SEGMENTS 2014 $'000	ANZ FINANCIAL MARKETS	ANZ WEALTH MGMT	TOTAL ANZ	CANADA	SOUTH AFRICA	ASIA	UK FINANCIAL MARKETS	UK WEALTH MGMT	UK ENTERPRISE LENDING	TOTAL UK	TOTAL
Revenue	108,866	71,391	180,257	18,574	22,493	1,903	1,202	73,738	30,797	105,737	**328,964**
Other income	109	–	109	–	–	–	–	–	–	–	**109**
Total revenue & other income	108,975	71,391	180,366	18,574	22,493	1,903	1,202	73,738	30,797	105,737	**329,073**
Results											
Segment profit / (loss)	50,596	32,703	83,299	3,884	6,375	(3,644)	(1,279)	18,583	4,226	21,530	**111,444**
Share based payment expense											**(8,918)**
Non-recurring items(1)											**(4,609)**
Profit before interest, tax, depreciation & amortisation											**97,917**
Depreciation & amortisation	(12,780)	(507)	(13,287)	(480)	(1,020)	(185)	–	(5,818)	(2,581)	(8,399)	**(23,371)**
Profit before interest & tax											**74,546**
Net financing expense											**(11,145)**
Profit before income tax expense											**63,401**
Income tax expense											**(12,730)**
Profit for the year											**50,671**

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2015

3. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of profit attributable to members of the parent entity to net cash flows from operating activities.

	2015 $'000	2014 $'000
Profit for the financial year	55,385	50,671
Depreciation and amortisation	26,267	23,371
Share based payment expense	9,867	8,918
Foreign exchange gain	(9,831)	(1,702)
Impairment of goodwill	–	2,265
Amortisation of prepaid loan establishment fees	827	1,784
Acquisition, integration and restructuring costs	3,500	3,234
Loss on sale of assets	167	–
Change in working capital and tax balances, net of effects from acquisition of controlled entities		
Receivables	2,362	2,711
Payables	(2,452)	(7,000)
Derivatives	8,214	2,275
Net tax balances	(3,062)	2,720
Provisions	(498)	(6,700)
Net cash inflow from operating activities	**90,746**	**82,547**

4. EXPENSES

	2015 $'000	2014 $'000
Depreciation and Amortisation		
Depreciation	6,136	6,305
Amortisation	20,131	17,066
Total depreciation and amortisation	**26,267**	**23,371**
Rental expense relating to operating leases	6,804	5,904
Business restructuring expenses	–	2,208
Business acquisition expenses	3,500	1,026
Impairment		
Goodwill	–	2,265
Trade receivables	1,077	391

5. EMPLOYEE BENEFIT EXPENSES

	2015 $'000	2014 $'000
Defined contribution plans	10,715	9,584
Termination benefits	2,078	853
Share-based payment expense	9,867	8,918
Employee administration expense	10,004	8,844
Salary and wages and other employee benefits	152,398	134,767
	185,062	**162,966**

6. EARNINGS PER SHARE

	2015 Cents per share	2014 Cents per share
Basic earnings per share	35.17	32.33
Diluted earnings per share	34.66	31.87

	$'000	$'000
Earnings used in the calculation of basic and diluted earnings per share	55,385	50,671

	Number	Number
Weighted average number of ordinary shares used in basic earnings per share	157,462	156,713
Effect of potentially dilutive shares	2,332	2,473
Weighted average number of ordinary shares used in diluted earnings per share	**159,794**	**159,186**

7. REMUNERATION OF AUDITORS

	2015 $	2014 $
Auditors of the parent entity		
Audit or review of the financial report	343,151	582,327
Other non-audit services [(1)]	288,070	17,230
	631,221	**599,557**
Network firms of the parent entity auditor		
Audit or review of the financial report	331,476	200,226
Other non-audit services [(1)]	198,394	–
	529,870	**200,226**

(1) Other services comprise assurance and other compliance reviews.

8. INCOME TAX
Income tax expense

	2015 $'000	2014 $'000
Current tax on profits for the year	19,722	11,860
Adjustments for current tax of prior periods	(848)	(4,132)
Deferred tax expense/(income)	(6,104)	4,723
Effect of different tax rates	751	279
Income tax expense	**13,521**	**12,730**

Reconciliation of income tax expense to prima facie tax payable

	2015 $'000	2014 $'000
Profit from continuing operations before income tax expense	68,906	63,401
Tax at the Australian tax rate of 30% (2014: 30%)	20,672	19,020
Effect of non-assessable income and non-deductible expense	(4,013)	(3,574)
Employee share plan	(1,391)	1,137
Effect of different tax rates in foreign jurisdiction	751	279
Previously unrecognised tax losses	(1,650)	–
Adjustments for current tax of prior periods	(848)	(4,132)
Income tax expense	**13,521**	**12,730**

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2015

8. INCOME TAX (CONTINUED)

Deferred tax assets

	2015 $'000	2014 $'000
Temporary differences attributable to:		
Other financial liabilities	9,431	4,416
Plant and equipment	6,891	4,596
Provisions	4,198	5,085
Equity raising costs	98	675
Business acquisition and restructuring expenses	1,536	1,688
Intangible assets	1,614	1,747
Tax losses - other entities not part of the Australian tax consolidated group	4,645	3,180
	28,413	**21,387**
Movement in deferred tax assets		
Opening 1 January	21,387	26,579
Credited/(charged) to the profit or loss	7,026	(5,192)
Closing 31 December	**28,413**	**21,387**

Deferred tax liabilities

	2015 $'000	2014 $'000
Temporary differences attributable to:		
Intangible and other financial assets	17,797	11,351
Movement in deferred tax liabilities		
Opening 1 January	**11,351**	**11,820**
(Credited)/charged to the profit or loss	922	(469)
Acquisition of intangibles	5,524	–
Closing 31 December	**17,797**	**11,351**

Unrecognised deferred tax balances

Unused tax losses incurred during the year for which no deferred tax asset has been recognised are outlined below.

	2015 $'000	2014 $'000
Tax losses not recognised		
United Kingdom	15,548	29,738
Potential tax benefit at UK tax rate 20%	3,110	5,948

Subject to satisfying the various tax loss continuity rules per UK tax legislation, these unrecognised tax losses do not expire.

9. TRADE AND OTHER RECEIVABLES

	2015 $'000	2014 $'000
Trade receivables	25,300	26,674
Provision for impairment	(2,275)	(1,974)
	23,025	24,700
Other receivables[1]	14,269	9,877
	37,294	**34,577**

(1) Consists of prepayments, unbilled revenue and other.

Due to the short term nature of the trade and other receivables, their carrying amount is considered to be the same as their fair value.

Movement in provision for impairment of trade receivables

	2015 $'000	2014 $'000
Balance 1 January	1,974	1,335
Allowances made	1,378	1,030
Allowances utilised	(1,077)	(391)
Balance 31 December	**2,275**	**1,974**

The Group's policy requires customers to pay within 30 days from date of invoice. The provision for impairment is determined with regard to historical write-offs and customers which have been specifically identified.

An analysis of trade receivables ageing at 31 December showing receivables 'not impaired' and receivables 'considered impaired' is as follows.

	2015		2014	
	Not impaired $'000	Considered impaired $'000	Not impaired $'000	Considered impaired $'000
0-30 days	13,550	171	16,391	229
31-60 days	5,965	212	4,721	220
61-90 days	743	76	138	34
91+ days	2,767	1,816	3,450	1,491
Total	**23,025**	**2,275**	**24,700**	**1,974**

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2015

10. PLANT AND EQUIPMENT

	LEASEHOLD IMPROVEMENTS		FURNITURE AND FITTINGS		COMPUTER EQUIPMENT		OFFICE EQUIPMENT		TOTAL	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
At 1 January										
Cost	9,454	8,664	4,083	3,436	24,227	20,527	319	313	38,083	32,940
Accumulated depreciation	(7,785)	(7,241)	(2,613)	(1,985)	(17,756)	(13,802)	(254)	(214)	(28,408)	(23,242)
	1,669	**1,423**	**1,470**	**1,451**	**6,471**	**6,725**	**65**	**99**	**9,675**	**9,698**
Opening balance at start of year	**1,669**	**1,423**	**1,470**	**1,451**	**6,471**	**6,725**	**65**	**99**	**9,675**	**9,698**
Acquisitions	41	–	3	–	343	–	64	–	451	–
Additions	1,322	1,108	1,204	742	3,525	4,211	7	14	6,058	6,075
Disposal[1]	(133)	–	(36)	(22)	(1)	(1)	–	(1)	(170)	(24)
Foreign currency translation[1]	(18)	(32)	43	34	102	229	(7)	–	120	231
Depreciation	(873)	(830)	(991)	(735)	(4,227)	(4,693)	(45)	(47)	(6,136)	(6,305)
Closing balance at end of year	**2,008**	**1,669**	**1,693**	**1,470**	**6,213**	**6,471**	**84**	**65**	**9,998**	**9,675**
At 31 December										
Cost	9,976	9,454	5,058	4,083	27,492	24,227	323	319	42,849	38,083
Accumulated depreciation	(7,968)	(7,785)	(3,365)	(2,613)	(21,279)	(17,756)	(239)	(254)	(32,851)	(28,408)
	2,008	**1,669**	**1,693**	**1,470**	**6,213**	**6,471**	**84**	**65**	**9,998**	**9,675**

(1) Cost net of accumulated depreciation.

11. INTANGIBLES

	DATABASE		BRANDS		CUSTOMER LISTS		CUSTOMER RELATIONSHIPS		COMPUTER SOFTWARE		GOODWILL		TOTAL	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000	**2015 $'000**	2014 $'000
At 1 January														
Cost	1,540	1,540	–	–	4,089	4,128	18,244	17,770	124,808	123,897	398,462	391,524	547,143	538,859
Accumulated amortisation	–	–	–	–	(4,089)	(4,055)	(4,223)	(977)	(105,488)	(93,639)	–	–	(113,800)	(98,671)
	1,540	**1,540**	**–**	**–**	**–**	**73**	**14,021**	**16,793**	**19,320**	**30,258**	**398,462**	**391,524**	**433,343**	**440,188**
Opening balance at start of year	1,540	1,540	–	–	–	73	14,021	16,793	19,320	30,258	398,462	391,524	433,343	440,188
Additions	–	–	–	–	–	–	–	–	14,690	2,752	–	–	14,690	2,752
Acquisitions	–	–	642	–	–	–	24,020	–	8,926	–	52,339	–	85,927	–
Disposal[1]	–	–	–	–	–	–	–	–	(166)	–	–	–	(166)	–
Impairment	–	–	–	–	–	–	–	–	–	–	–	(2,265)	–	(2,265)
Foreign currency translation[1]	–	–	(41)	–	–	–	(685)	316	101	215	16,262	9,203	15,637	9,734
Amortisation	–	–	(8)	–	–	(73)	(3,637)	(3,088)	(16,486)	(13,905)	–	–	(20,131)	(17,066)
Closing balance at end of year	**1,540**	**1,540**	**593**	**–**	**–**	**–**	**33,719**	**14,021**	**26,385**	**19,320**	**467,063**	**398,462**	**529,300**	**433,343**
At 31 December														
Cost	1,540	1,540	601	–	3,429	4,089	41,800	18,244	146,253	124,808	467,063	398,462	660,686	547,143
Accumulated amortisation	–	–	(8)	–	(3,429)	(4,089)	(8,081)	(4,223)	(119,868)	(105,488)	–	–	(131,386)	(113,800)
	1,540	**1,540**	**593**	**–**	**–**	**–**	**33,719**	**14,021**	**26,385**	**19,320**	**467,063**	**398,462**	**529,300**	**433,343**

(1) Cost of net of accumulated amortisation.

Allocation of goodwill and intangible assets with indefinite useful lives to CGUs

	GOODWILL		DATABASE	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
ANZ wealth management[1]	17,670	15,179	1,540	1,540
Canada	8,468	9,001	–	–
South Africa	11,359	13,078	–	–
UK wealth management[2]	315,052	274,638	–	–
UK financial markets[3]	22,734	–	–	–
UK enterprise lending	91,780	86,566	–	–
	467,063	**398,462**	**1,540**	**1,540**

(1) Innergi goodwill was allocated to this CGU on acquisition.
(2) Pulse goodwill was allocated to this CGU on acquisition.
(3) Proquote goodwill was allocated to this CGU on acquisition.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2015

11. INTANGIBLES (CONTINUED)

Impairment

The Groups impairment testing identified that the recoverable amounts of each CGU exceeded their carrying values and as a result no impairment has been recognised. There has been no reversal of previously recognised impairment. (2014: an impairment loss of $2.3m was recognised in Asia).

The recoverable amount was determined through a value in use calculation. The value-in-use was determined by discounting future cash flow forecasts based on the following assumptions:

Cash flow forecasts

Based on the most recent four year financial plan approved by the Board. Cash flow forecasts in foreign currency are forecast in that currency and discounted using the applicable regional discount rates.

Long term growth rates

Cash flow forecasts beyond a four-year period use a growth rate of 2.7% Australia and 2.7% United Kingdom, 1.0% Canada and 4.7% South Africa (2014: 2.7% Australia and 2.7% United Kingdom, 1.0% Canada and 4.7% South Africa).

Discount rate

A post-tax discount rate has been applied to post-tax cash flows reflecting the Group's post tax weighted average cost of capital. IRESS used the following post-tax discount rates; 9.6% Australia, 7.8% United Kingdom, 7.4% Canada and 13.6% South Africa (2014: 10.9% Australia, 7.9% United Kingdom, 9.2% Canada and 13.2% South Africa).

Sensitivity analysis

A new version of an existing product is being rolled out within the UK enterprise lending CGU. The financial performance of the UK enterprise lending CGU is sensitive to the success of this product. A change in financial performance may cause the recoverable amount of the CGU to fall below carrying value resulting in an impairment to the Group.

12. PROVISIONS

	2015 $'000	2014 $'000
Current provisions		
Employee benefits	6,332	5,616
Deferred consideration	2,085	–
Restructuring costs	133	763
Dividends	44	157
Operating lease	119	47
	8,713	**6,583**
Non-current provisions		
Employee benefits	3,994	3,930
Deferred consideration	3,078	–
Restructuring costs	–	368
Operating lease	508	565
	7,580	**4,863**
Total provisions	**16,293**	**11,446**

Movements in Provisions

	RESTRUCTURING COSTS $'000	DIVIDENDS $'000	OPERATING LEASES $'000	DEFERRED CONSIDERATION $'000
Balance 1 January 2015	1,131	157	612	–
Provisions made	–	66,175	72	5,142
Unwinding of discount	–	–	–	21
Unused amounts reversed	(637)	–	–	–
Provisions utilised	(361)	(66,288)	(57)	–
Balance 31 December 2015	**133**	**44**	**627**	**5,163**

Deferred consideration

Deferred consideration has been recognised in relation to the acquisitions of Pulse Software Systems Limited and Innergi Pty Ltd (refer to note 21).

Restructuring costs

Restructuring provisions are recognised when a detailed plan for the restructure has been developed and implementation commenced. The restructuring provision relates to the restructure of European subsidiaries of the Group.

Dividends

Represents the aggregate amount of dividends declared, determined or publicly recommended on or before the reporting date. The balance represents unpresented dividends.

Operating leases

The Group is required to restore operating lease premises to their original condition at the end of a lease term. A provision has been recognised for the estimated expenditure.

13. BORROWINGS AND DERIVATIVE LIABILITIES

	2015 $'000	2014 $'000
Current		
Trade facilities	2,133	–
Non-Current		
Borrowings	202,370	180,495
Borrowing costs capitalised	(1,883)	(2,710)
Accrued interest	416	1,325
	200,903	**179,110**
Derivatives – Current	10,069	–
Derivatives – Non-current	11,055	12,910
	21,124	**12,910**

Trade facilities

Trade facilities relate to a supplier contract entered into during the year by the Group.

Borrowings

During the year the Group refinanced existing debt facilities bringing total borrowing capacity to $300m, with an expanded banking group on enhanced pricing terms. New Borrowings include a 3 year facility of $181m expiring August 2018 and a 5 year facility of $119m expiring August 2020. (2014: 3 year facility of $90m expiring September 2016, and a 5 year facility of $90m expiring September 2018).

Borrowing costs of $2.1m relating to the new facility have been capitalised and allocated to both the three year and five year facilities and will be amortised over the term of these facilities. Capitalised borrowing costs relating to the previous debt facilities were expensed to the profit or loss.

The Group has complied with the financial covenants of its borrowing facilities.

Derivatives

Consists of the fair value of a 3 year swap liability of GBP 33m maturing 2016 and a 5 year swap liability of GBP 33m maturing 2018.

14. FINANCIAL INSTRUMENTS

This note explains the Group's exposure to capital and financial risks and how these risks could affect the Group's future financial performance.

Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders.

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.

Management reviews the capital structure of the Group on a regular basis. As part of this review, the cost of capital and the risks associated with each class of capital is considered.

The Group's year end gearing ratio is outlined below.

	2015 $'000	2014 $'000
Net debt [(1)]	184,927	117,106
Net debt plus total equity	524,238	447,890
Gearing ratio	**35.3%**	**26.1%**

(1) Measured as borrowings and derivatives liabilities less cash and cash equivalents

Financial risk factors

The 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.

(a) Foreign currency risk

The Group is exposed to movements in foreign currency being;

- Translation foreign currency risk arises on consolidation of Group entities with different functional currencies to the Group. Translation foreign exchange exposure results in volatility of full year earnings due to changes in exchange rates.
- Transaction foreign currency risk arises when the Group enters into transactions which are denominated in a foreign currency.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2015

14. FINANCIAL INSTRUMENTS (CONTINUED)

The Group is exposed to foreign currency through loans to foreign subsidiaries predominately with the following currencies CAD, NZD, ZAR, HKD, SGD and GBP. The table below shows the reported exchange rates at 31 December.

	2015	2014
AUD/GBP	0.4947	0.5245
AUD/CAD	1.0086	0.9490
AUD/NZD	1.0677	1.0475
AUD/HKD	5.6502	6.3338
AUD/SGD	1.0340	1.0825
AUD/ZAR	11.2570	9.4403

The Group has entered into derivative contracts to limit its exposure to foreign exchange risk associated with the 2013 acquisition of Avelo in the UK.

Foreign currency sensitivity analysis

The Group is primarily exposed to changes in the AUD/GBP exchange rate risk. The following table details the Group's sensitivity to a 1% increase and decrease in the Australian dollar against the Pound Sterling. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates.

	2015 $'000	2014 $'000
Foreign currency derivative		
GBP/AUD exchange rate – increase 1%	(207)	(127)
GBP/AUD exchange rate – decrease 1%	207	127

(b) Interest rate risk

The Group is predominately exposed to interest rate risk on borrowings, derivatives and cash and cash equivalents as outlined below.

	2015 %	2015 $'000	2014 %	2014 $'000
Financial assets				
Cash and cash equivalents	1.3	39,233	0.8	74,914
Financial liabilities				
Derivatives(1)	1.4	21,124	1.6	12,910
Borrowings	2.9	200,903	4.3	179,110

(1) Represents net interest income rate of 5.3% on income leg less 3.9% on expense leg of swap (2014: 5.4% and 3.8% respectively).

Sensitivity to movements in interest rates are demonstrated below to show the impact on the profit or loss if the interest rates moved by 1%.

	2015 $'000	2014 $'000
Profit / (loss) before tax		
Interest rate increase of 1%	1,839	1,191
Interest rate decrease of 1%	(1,839)	(1,191)

Interest rate risk is managed by the Group by reviewing terms of agreements and adjusting the ratio between fixed interest debt and variable interest debt.

(c) 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 maximum exposure to credit risk is the carrying value of the receivables. The Company actively manages this exposure by dealing only with counterparties with good credit standing and not having any significant credit risk with any single counterparty.

(d) Liquidity risk

Liquidity risk includes the risk that the Group will not be able to meet its financial obligations as and when they fall due. The following table details the Group's exposure to liquidity risk as at 31 December.

2015	LESS THAN 1 YEAR $'000	1-2 YEARS $'000	2-5 YEARS $'000	OVER 5 YEARS $'000	CARRYING AMOUNT $'000
Financial liabilities					
Trade and other payables	33,466	4,266	3,734	–	41,466
Derivatives	10,069	–	11,055	–	21,124
Trade facilities	2,133	–	–	–	2,133
Borrowings	–	–	200,903	–	200,903
Total	**45,668**	**4,266**	**215,692**	**–**	**265,626**
2014					
Financial liabilities					
Trade and other payables	26,604	–	–	–	26,604
Derivatives	–	6,455	6,455	–	12,910
Borrowings	–	–	179,110	–	179,110
Total	**26,604**	**6,455**	**185,565**	**–**	**218,624**

The Group manages liquidity risk by maintaining sufficient cash reserves, banking facilities and standby borrowing facilities, spreading of maturity dates of long term facilities and by monitoring forecast and actual cash flows. Facilities available and the amounts undrawn at 31 December are outlined below.

	2015 $'000	2014 $'000
Committed arrangements/facilities available to the Group		
Loan facilities available	300,495	180,495
Amounts utilised	(202,370)	(180,495)
	98,125	**–**

(e) Fair value

Financial assets and financial liabilities are carried at fair value and recognised according to the fair value measurement hierarchy.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group only holds level 2 derivative financial instruments which are valued using discounted cash flows. 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 risk of various counterparties.

15. ISSUED CAPITAL

	2015 $'000	2014 $'000
Ordinary shares	275,983	275,315

Movements in issued capital

	Number of shares '000	$'000
Balance at 1 January 2015	159,097	275,315
Shares issued under the Employee Share Plan(1)	977	–
Employee share plan payments	–	668
	160,074	**275,983**
Treasury Shares(2)	(2,217)	–
Total Contributed equity	**157,857**	**275,983**

(1) New shares issued to meet obligations in relation to Performance Rights, Deferred Shares and Deferred Share Rights for employees.
(2) Movement from 2,209,000 (2014) to 2,217,000 treasury shares relates to shares vested under the employee share plan.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2015

16. DIVIDENDS

	2015 $'000	2014 $'000
Dividends recognised and paid during the year		
Final dividend for 2014 25.5 cents per share franked to 40% (2013: 24.5 cents per share franked to 80%)	40,570	38,979
Interim dividend for 2015 16.0 cents per share franked to 50% (2014: 16.0 cents per share franked to 40%)	25,605	25,455
	66,175	**64,434**
Dividends declared after balance date		
Since the end of the year, the directors declared a final dividend of 26.7 cents per share franked at 60% (2014: 25.5 cents per share franked to 40%)	**42,740**	**40,570**
Franking credit balance		
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2014: 30%)	**5,673**	**2,347**

17. SHARE-BASED PAYMENTS

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

- General Employee Share Plan / UK Share Incentive Plan (UK SIP).
- Executive LTI Plan.
- Employee Deferred Share Plan / Employee Deferred Share Rights Plan.

		NUMBER OF SHARES				
PLAN - NUMBER OF SHARES	YEAR	OPENING BALANCE	GRANTED	FORFEITED	VESTED	CLOSING BALANCE
Executive LTI Plan	**2015**	**1,469,390**	**340,002**	**(230,627)**	**(420,132)**	**1,158,633**
	2014	1,464,110	389,150	(383,870)	–	1,469,390
Employee Deferred Share Plan	**2015**	**2,211,466**	**600,092**	**(132,159)**	**(651,569)**	**2,027,830**
	2014	2,004,717	657,604	(170,358)	(280,497)	2,211,466
Employee Deferred Share Rights Plan	**2015**	**1,235,460**	**262,544**	**(81,648)**	**(36,790)**	**1,379,566**
	2014	528,439	1,084,549	(112,105)	(265,423)	1,235,460

General Employee Share Plan/ UK Share Incentive Plan

Eligible participants are invited to acquire IRESS shares, IRESS matches this participation to a set value. Shares are subject to a restriction period, if the participant resigns from the Group prior to the end of the restricted period matched shares forfeited under the UK share incentive plan and granted under the general employee share plan. Unvested shares at 31 December 2015 are outlined below.

PLAN - NUMBER OF SHARES	UNVESTED BALANCE
General Employee Share Plan	20,914
UK SIP	5,407

Executive LTI Plan

Eligible participants receive performance rights at no cost. Shares are subject to the achievement of performance conditions, being Total Shareholder Return of the Company against a peer group of selected companies and are subject to a restriction period. Shares are forfeited if the participant ceases employment with the Group prior to the end of the performance period, however the Board has discretion over this. No dividends on shares are payable to participants prior to vesting.

The grant date fair value of the plan shares is independently determined 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. The likely achievement of performance hurdles of the share rights (where applicable) has been taken into account.

Details of shares issued under this plan is outlined below.

		NUMBER OF SHARES										
GRANT DATE	EXPIRY DATE	OPENING BALANCE	GRANTED	FORFEITED	VESTED	CLOSING BALANCE	GRANT DATE SHARE PRICE	FAIR VALUE	RISK FREE INTEREST RATE	SHARE PRICE VOLATILITY	ANNUAL DIVIDEND YIELD
7/5/11	7/5/15	150,000	–	(150,000)	–	–	$9.23	$5.87	5.2%	30.0%	4.3%
7/5/11	7/5/15	150,000	–	(18,900)	(131,100)	–	$9.23	$5.79	5.2%	30.0%	4.3%
7/5/12	7/5/15	330,700	–	(41,668)	(289,032)	–	$6.18	$3.76	2.8%	30.0%	5.5%
7/5/12	7/5/16	80,000	–	–	–	80,000	$6.18	$3.64	5.8%	30.0%	5.5%
7/5/12	7/5/16	80,000	–	–	–	80,000	$6.18	$3.56	2.8%	30.0%	5.5%
7/5/13	7/5/16	195,430	–	(4,763)	–	190,667	$8.51	$5.03	2.5%	27.5%	5.0%
7/5/13	7/5/17	65,000	–	–	–	65,000	$8.51	$5.03	2.5%	27.5%	5.0%
7/5/13	7/5/17	65,000	–	–	–	65,000	$8.51	$4.76	2.7%	27.5%	5.0%
7/5/14	7/5/17	227,260	–	(15,296)	–	211,964	$8.27	$4.18	2.8%	25.0%	4.5%
7/5/14	7/5/18	63,000	–	–	–	63,000	$8.27	$4.05	3.1%	25.0%	4.5%
7/5/14	7/5/18	63,000	–	–	–	63,000	$8.27	$3.89	3.1%	25.0%	4.5%
7/5/15	7/5/18	–	220,002	–	–	220,002	$10.15	$5.30	2.1%	25.0%	4.0%
7/5/15	7/5/19	–	60,000	–	–	60,000	$10.15	$5.17	2.2%	25.0%	4.0%
7/5/15	7/5/19	–	60,000	–	–	60,000	$10.15	$5.13	2.2%	25.0%	4.0%
Total shares		**1,469,390**	**340,002**	**(230,627)**	**(420,132)**	**1,158,633**					

Employee Deferred Share Plan/Employee Deferred Share Rights Plan

Eligible participants receive deferred shares or deferred rights at no cost. The shares are subject to the satisfaction of individual performance criteria and a restriction period. Shares are generally forfeited if the participant ceases employment with the Group prior to the end of the restriction period. Under the Employee Deferred Share plan participants are eligible to receive dividends during the restricted period, however under the Deferred Shares Rights plan participants are not.

		NUMBER OF SHARES					
GRANT DATE	EXPIRY DATE	OPENING BALANCE	GRANTED	FORFEITED	VESTED	CLOSING BALANCE	FAIR VALUE
Employee Deferred Share Plan							
7/5/12	7/5/15	651,036	–	(1,480)	(649,556)	–	$6.18
7/5/12	7/5/16	225,620	–	–	(2,013)	223,607	$6.18
7/5/13	7/5/16	729,550	–	(51,900)	–	677,650	$8.51
7/5/14	7/5/17	605,260	–	(44,460)	–	560,800	$8.27
7/5/15	7/5/18	–	600,092	(34,319)	–	565,773	$10.15
Total shares		**2,211,466**	**600,092**	**(132,159)**	**(651,569)**	**2,027,830**	
Employee Deferred Share Rights Plan							
7/5/12	7/5/15	39,840	–	(3,050)	(36,790)	–	$5.26
7/5/12	7/5/16	108,559	–	–	–	108,559	$5.26
7/5/13	7/5/16	45,930	–	(9,400)	–	36,530	$7.35
7/5/12	7/5/16	110,306	–	–	–	110,306	$4.99
30/9/13	30/12/16	51,540	–	(2,580)	–	48,960	$7.75
1/1/14	1/1/17	601,565	–	(40,967)	–	560,598	$7.73
7/5/14	7/5/17	277,720	–	(20,541)	–	257,179	$7.25
7/5/15	7/5/18	–	262,544	(5,110)	–	257,434	$9.02
Total shares		**1,235,460**	**262,544**	**(81,648)**	**(36,790)**	**1,379,566**	

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2015

18. RELATED PARTY TRANSACTIONS

Parent entity

The ultimate controlling party of the Group is IRESS Limited.

Key management personnel

Key Management Personnel compensation is set out below:

	2015 $'000	2014 $'000
Short-term employee benefits	5,449,030	4,674,434
Long-term employee benefits	563,378	–
Post employment benefits	307,479	223,035
Share based payments	2,071,028	2,254,045
	8,390,915	**7,151,514**

Detailed remuneration disclosures are provided in the remuneration report.

Transactions with related parties

ASX Limited ("ASX") owns 19.21% ordinary shares in IRESS. ASX is a major supplier of Australian equity market data to the Group. All transactions with the ASX are conducted on an arm's length basis. Fees charged to ASX $8,556,525 (2014: $8,261,927), outstanding balances at the end of the year $1,101,029 (2014: $1,118,375).

19. COMMITMENTS

Leasing arrangements

Operating leases relate to office facilities with lease terms of between 2 to 10 years of which some are supported by bank guarantees of $3.024m (2014: $3.453m). On renewal, the terms of the leases are renegotiated.

Non-cancellable operating leases

	2015 $'000	2014 $'000
Commitments for minimum lease payments in relation to non-cancellable with operating leases are payable as follows:		
Within one year	6,525	5,230
Later than one year, no later than five years	23,575	16,053
Later than five years	4,438	8,235
	34,538	**29,518**

Capital commitments

No capital expenditure has been contracted or provided for (2014: Nil).

20. CONTINGENCIES

Other than as noted below, there are no contingent liabilities that need to be disclosed at the reporting date.

A move to a new location in Canada has resulted in a potential exposure. IRESS is in discussions with the owner to discontinue its interest in the site. The owner has asserted a claim; IRESS disputes the claim.

A supplier of market data has asserted a claim against IRESS for additional royalty payments; IRESS disputes the claim.

21. BUSINESS COMBINATIONS

Proquote Limited

On 30 October 2015 the Group acquired Proquote Limited, a leading provider of trading, market and connectivity solutions in the United Kingdom, owned by the London Stock Exchange Group since 2003.

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

CONSIDERATION	FAIR VALUE $'000
Cash	39,883
Net cash acquired	(555)
Total consideration	**39,328**
The assets and liabilities recognised as a result of the acquisition are as follows:	
Trade and other receivables	4,673
Plant and equipment	343
Intangibles	18,838
Trade and other payables	(5,648)
Deferred tax liability	(3,074)
Current tax payable	(377)
Deferred tax asset	257
Net identifiable assets acquired	**15,012**
Goodwill on acquisition	24,316
Net assets acquired	**39,328**

Goodwill on acquisition is attributable to the minimum benefits to be derived from integrating this business with the Group.

The acquired business contributed revenues of $3.4m and net profit of $0.4m to the Group from acquisition date. If the acquisition had occurred on 1 January 2015, revenue contributed would have been $26.8m and net profit $11.0m.

As part of the Proquote acquisition the Group acquired the FIX Hub business a FIX order routing business which provides trade and order connectivity between institutional investors and brokers.

The FIX Hub business was acquired for a total cash consideration of $7.6m in recognition of a software asset of $0.3m and goodwill of $7.3m. Goodwill on acquisition is attributable to the minimum benefits to be derived from integrating this business with the Group.

Acquisition related costs of the above acquisitions $2.9m are included within other expenses in the profit or loss.

Notes to the consolidated financial statements (continued)
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21. BUSINESS COMBINATIONS (CONTINUED)
Pulse Software Limited
On 31 October 2015 the Group acquired Pulse Software Limited, a leading provider of portfolio management software for private asset managers who manage investment for clients on a discretionary basis.

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

CONSIDERATION	FAIR VALUE $'000
Cash	30,270
Deferred consideration	3,244
Net cash acquired	(6,987)
Total consideration	**26,527**
The assets and liabilities recognised as a result of the acquisition are as follows:	
Trade and other receivables	1,477
Plant and equipment	94
Intangibles	14,177
Deferred tax liabilities	(2,835)
Other financial assets	2
Trade and other payables	(4,348)
Provisions	(297)
Net identifiable assets acquired	**8,270**
Goodwill on acquisition	18,257
Net assets acquired	**26,527**

Goodwill on acquisition is attributable to the minimum benefits to be derived from integrating this business with the Group.

The acquired business contributed revenues of $1.9m and net profit of $1.0m to the Group from acquisition date. If the acquisition had occurred on 1 January 2015, revenue contributed would have been $10.8m and net profit $2.3m. Acquisition related costs of $0.6m are included within other expenses in the profit or loss.

Innergi Pty Ltd
On 1 July 2015 the Group acquired Innergi Pty Ltd for a total consideration of $2.8m consisting of $0.7m cash and $2.1m contingent consideration, in recognition of net assets of $0.3m and goodwill of $2.5m. Contingent consideration recognised represents the fair value of the contingent consideration which also represents the maximum possible payout. Innergi is a business that enables financial advice practices and superannuation funds to better engage with their clients and members with timely and relevant content and a digital delivery platform. Innergi's content is being combined with XPLAN to further strengthen the Group's offer to clients.

The acquired business contributed revenues of $0.2m and net profit of $0.1m to the Group from acquisition date. If the acquisition had occurred on 1 January 2015, revenue contributed would have been $0.4m and net profit $0.2m. Acquisition related costs of $0.1m are included within other expenses in the profit or loss.

Goodwill on acquisitions will not be deductible for tax purposes.

The acquisition accounting for these transactions has not been finalised.

22. SUBSIDIARIES

Details of the Group's wholly owned subsidiaries at the end of the year are as follows:

NAME OF ENTITY	COUNTRY OF INCORPORATION / REGISTRATION	EQUITY HOLDING 2015 %	EQUITY HOLDING 2014 %
Apollo I Australia Pty Ltd (1)	Australia	100	100
Apollo II Australia Pty Ltd (1)	Australia	100	100
PlanTech Holdings Pty Ltd (2)	Australia	–	100
VisiPlan Pty Ltd (2)	Australia	–	100
TransActive System Pty Ltd (2)	Australia	–	100
Dealer Management Systems Pty Ltd (2)	Australia	–	100
FundData Pty Ltd (2)	Australia	–	100
Innergi Pty Ltd	Australia	100	–
IRESS (AUS) Limited Partnership	Australia	100	100
IRESS Data Pty Ltd (1)	Australia	100	100
IRESS Information Pty Ltd	Australia	100	100
IRESS Spotlight Wealth Management Solutions (RSA) Pty Ltd (1)	Australia	100	100
IRESS Wealth Management Pty Ltd (1)	Australia	100	100
IRESS South Africa (Australia) Pty Ltd (1)	Australia	100	100
Planning Resources Group Pty Ltd (1)	Australia	100	100
IRESS (LP) Holdings Corp.	Canada	100	100
IRESS (Ontario) Limited	Canada	100	100
IRESS Canada Holdings Limited	Canada	100	100
IRESS Market Technology Canada LP	Canada	100	100
KTG Technologies Corp	Canada	100	100
IRESS Asia Holdings Limited	Hong Kong	100	100
Peresys Software Limited	Ireland	100	100
IRESS Malaysia Holdings Sdn Bhd	Malaysia	100	100
IRESS (NZ) Limited	New Zealand	100	100
IRESS Market Technology (Singapore) Pte Ltd	Singapore	100	100
Advicenet Advisory Services (Proprietary) Limited	South Africa	100	100
IRESS Financial Markets (Pty) Ltd	South Africa	100	100
IRESS Wealth MNGT(Pty) Ltd	South Africa	100	100
IRESS Wealth Management (RSA) (Proprietary) Ltd	South Africa	100	100
Apollo III (UK) Limited	United Kingdom	100	100
Apollo III UK Holdings Limited	United Kingdom	100	100
IRESS (UK) Limited	United Kingdom	100	100
IRESS FS Group Limited	United Kingdom	100	100
IRESS FS Limited	United Kingdom	100	100
IRESS Mortgage Services Limited	United Kingdom	100	100
IRESS Portal Limited	United Kingdom	100	100
IRESS Solutions Limited	United Kingdom	100	100
IRESS Technology Limited	United Kingdom	100	100
IRESS UK Holdings Limited	United Kingdom	100	100
IRESS Web Limited	United Kingdom	100	100
Proquote Limited	United Kingdom	100	–
Pulse Software Limited	United Kingdom	100	–
Pulse Software Management Ltd	United Kingdom	100	–
TrigoldCrystal Limited	United Kingdom	100	100

(1) IRESS Limited and its Australian subsidiaries entered into an ASIC Class Order and Deed of Cross Guarantee with IRESS Limited on December 2014

(2) Deregistered during 2015

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2015

23. DEED OF CROSS GUARANTEE

IRESS Limited, and its wholly-owned subsidiaries as specified in the Subsidiaries note, are party to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned subsidiaries have been relieved from the requirement to prepare the financial report and Directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Consolidated income statement and retained earnings

	2015 $'000	2014 $'000
Profit before tax	55,094	62,824
Income tax expense	(16,084)	(20,988)
Net profit after tax	**39,010**	**41,836**
Retained earnings at beginning of the year	61,813	33,312
Transfer from reserves	12,659	50,935
External dividends	(66,175)	(64,270)
Retained earnings at end of year	**47,307**	**61,813**

(b) Consolidated statement of financial position

	2015 $'000	2014 $'000
Current assets		
Cash and cash equivalents	12,325	28,436
Trade and other receivables	227,558	258,532
Total current assets	**239,883**	**286,968**
Non-current assets		
Plant and equipment	4,052	4,463
Intangibles	13,975	8,810
Deferred tax assets	17,228	11,016
Other financial assets	323,120	259,391
Total non-current assets	**358,375**	**283,680**
Total assets	**598,258**	**570,648**
Current liabilities		
Trade facilities	2,133	–
Trade and other payables	12,098	14,808
Derivative liabilities	10,069	–
Current tax payables	5,512	4,309
Provisions	7,055	4,240
Total current liabilities	**36,867**	**23,357**
Non-current liabilities		
Borrowings	200,404	177,859
Trade and other payables	8,000	–
Derivative liabilities	11,055	12,910
Provisions	4,306	4,334
Deferred tax liabilities	2,211	2,529
Total non-current liabilities	**225,976**	**197,632**
Total liabilities	**262,843**	**220,989**
Net assets	**335,415**	**349,659**
Equity		
Issued capital	275,983	275,315
Reserves	12,125	12,531
Retained earnings	47,307	61,813
Total equity	**335,415**	**349,659**

24. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity, IRESS Limited, show the following aggregate amounts:

	2015 $'000	2014 $'000
Balance sheet		
Current assets	72,075	88,417
Non-current assets	600,707	526,071
Total assets	**672,782**	**614,488**
Current liabilities	81,482	25,053
Non-current liabilities	236,045	197,632
Total liabilities	**317,527**	**222,685**
Net assets	**355,255**	**391,803**
Equity		
Issued capital	275,983	275,315
Reserves	8,617	10,524
Retained earnings	70,655	105,964
Total equity	**355,255**	**391,803**
Profit for the year	25,550	28,854
Total comprehensive income	**25,550**	**28,854**

(b) Contingent liabilities

The parent entity did not have any contingent liabilities as at 31 December 2015.

25. SUBSEQUENT EVENTS

There has been no matter or circumstances which has arisen since the end of the financial year which have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent year.

Directors' Declaration
31 December 2015

In the directors' opinion:

(a) the financial statements and notes set out on pages 41 to 67 are in accordance with the Corporations Act 2001, including:

(i) complying with the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

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

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 23 will be able to meet any obligations or liabilities to which they are, or may become subject by virtue of the deed of cross guarantees described in note 23.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s295(5) of the Corporations Act 2001(Cth).

On behalf of the Directors.

ANDREW WALSH
CHIEF EXECUTIVE OFFICER
AND MANAGING DIRECTOR

Melbourne
25 February 2016

Independent Auditor's Report

Deloitte.

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Melbourne VIC 3000
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Melbourne VIC 3001 Australia

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Independent Auditor's Report to the Members of IRESS Limited

Report on the Financial Report

We have audited the accompanying financial report of IRESS Limited, which comprises the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other 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 40 to 68.

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.

Independent Auditor's Report (continued)

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.

Opinion

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 2015 and of its 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 18 to 38 of the Directors' Report for the year ended 31 December 2015. 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.

Opinion

In our opinion the Remuneration Report of IRESS Limited for the year ended 31 December 2015 complies with section 300A of *the Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

G J McLean
Partner
Chartered Accountants
Melbourne, 25 February 2016

Shareholder Information

The shareholder information set out below was applicable as at 31 December 2015

DISTRIBUTION OF MEMBERS AND THEIR HOLDINGS

HOLDING	NO. OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED CAPITAL
1 to 1,000	3,669	1,735,233	1.08%
1,001 to 5,000	3,230	7,791,609	4.87%
5,001 to 10,000	678	4,750,493	2.97%
10,001 to 100,000	424	9,594,865	5.99%
100,001 and over	37	136,201,575	85.09%
Total	**8,038**	**160,073,775**	**100.00%**

SUBSTANTIAL SHAREHOLDERS

	NUMBER HELD	%
ASX Limited	30,828,472	19.26%
Hyperion Asset Management Limited	20,584,245	12.86%
Challenger Limited	15,289,451	9.55%
Greencape Capital Pty Ltd	12,430,400	7.77%
Total substantial shareholders	**79,132,568**	**49.44%**
Balance of register	80,941,207	50.56%
Total	**160,073,775**	**100.00%**

Shareholder Information (continued)

TWENTY LARGEST SHAREHOLDERS OF QUOTED EQUITY SECURITIES

RANK	NAME	NUMBER HELD	% OF ISSUED SHARED
1	ASX Ltd	30,752,355	19.21%
2	JP Morgan Nominees Australia Limited	29,580,572	18.48%
3	HSBC Custody Nominees (Australia) Limited	18,056,138	11.28%
4	National Nominees Limited	17,038,162	10.64%
5	Citicorp Nominees Pty Limited	8,991,607	5.62%
6	RBC Investor Services Australia Nominees Pty Limited	6,118,685	3.82%
7	Pacific Custodians Pty Limited	4,720,309	2.95%
8	BNP Paribas Noms Pty Ltd	4,162,679	2.60%
9	RBC Investor Services Australia Nominees Pty Limited	3,049,050	1.90%
10	Australian Foundation Investment Company Limited	2,709,412	1.69%
11	BNP Paribas Nominees Pty Ltd	1,771,677	1.11%
12	Citicorp Nominees Pty Limited	1,358,646	0.85%
13	Mirrabooka Investments Limited	840,000	0.52%
14	Argo Investments Limited	791,884	0.49%
15	Smallco Investment Manager Ltd	675,806	0.42%
16	Navigator Australia Ltd	630,137	0.39%
17	RBC Investor Services Australia Nominees Pty Limited	627,013	0.39%
18	Nulis Nominees (Australia) Limited	506,449	0.32%
19	Avanteos Investments Limited	477,841	0.30%
20	HSBC Custody Nominees (Australia) Limited - A/C 3	409,156	0.26%
Total top twenty shareholders		**133,267,578**	**83.25%**
Balance of register		26,806,197	16.75%
Total		**160,073,775**	**100.00%**

Corporate Directory

DIRECTORS

A D'Aloisio - Chairman

N Beattie (appointed 1 February 2015)

J Cameron

J Hayes

J Seabrook

G Tomlinson (appointed 1 February 2015)

A Walsh – Chief Executive Officer and Managing Director

COMPANY SECRETARY

P Ferguson

REGISTERED OFFICE

Level 18, 385 Bourke Street
Melbourne VIC 3000

Phone: +61 3 9018 5800
Fax: +61 3 9018 5844

SHARE REGISTRY

Link Market Services Limited
Level 4, 333 Collins Street
Melbourne VIC 3000

STOCK EXCHANGE LISTINGS

IRESS Limited shares are quoted on the
Australian Securities Exchange under the code: IRE

AUDITOR

Deloitte Touche Tohmatsu

CREATED BY DESIGNATE