

Acquisition of PlanTech for \$15 Million

Leading Australian and New Zealand Risk Research & Analytics Provider

**Risk Strengths Merged with XPLAN Creates
Leading Wealth Management Suite**

XPLAN Boosted to Market Leader with PlanTech Revenue of \$8+ Million

**Stage One Integration Available Immediately -
Complementary and Contemporary Technology**

PlanTech Principals Retained

IRESS announced today the acquisition of PlanTech Consulting for \$15 million by XPLAN, our wealth management software division. This acquisition rounds out the XPLAN suite by combining our existing strengths in portfolio management, CRM, practice management, and investment modelling, with the clear industry leader in risk (life insurance) analysis and analytics.

IRESS' Managing Director Peter Dunai said "We have always had great respect for PlanTech's strength in the risk area and are very pleased to have reached agreement with the principals, Tony Smith and Mark Young, to acquire the business. This significant investment builds on the very strong performance of XPLAN since it was acquired in 2003 and reflects IRESS' resolve and commitment to the wealth management software space. With strong synergies between the two companies and many common clients, we expect the acquisition to be materially accretive to IRESS shareholders from cost savings and the attractive growth potential of the merged solution."

Andrew Walsh, General Manager of XPLAN said "PlanTech is regarded as the industry benchmark for risk research, and the strength of our integrated offering will provide dealer groups the first genuine opportunity to access leading-edge investment and risk functionality simultaneously. Many of our clients use or seek the functionality of PlanTech Risk Researcher and I am pleased they will experience efficiencies via this transaction. On the sector more broadly, risk advice is gaining attention as the demographics of risk sales channels change and awareness of an underinsured Australia grows, and this positions XPLAN/PlanTech as the premier solution for multi-disciplinary advisory groups. We are also keen to capitalise on the market presence that PlanTech has established in New Zealand and South Africa with our leading wealth management solution."

"PlanTech is excited to be in a position to deliver our clients the best of both (risk and investment) worlds. We see the PlanTech and XPLAN businesses as complementary across risk and investment, and combined will more than satisfy the growing middle ground, with our day one integration pleasingly already in place. Our web strategy has been invigorated by XPLAN and will allow us to focus on a range of new initiatives such as AppCentral and CommPay, and continue to evolve our leading Risk Researcher product," said Tony Smith Managing Director of PlanTech.



About PlanTech

- Revenue of approx \$8.0 million, 80%+ recurring license fees;
- Australian/New Zealand revenue over \$5 million;
- Significant South African operation. Well established key client relationships;
- Client base predominantly general practice advisers with a risk and wealth accumulation focus;
- Business is based in Melbourne with international presence;
- Clear leader in risk research;
- Predominantly desktop solutions but evolving to the web.

About XPLAN

- Number two provider of investment-oriented financial planning software;
- Rapid growth since acquisition by IRESS in 2003;
- Fully web-based and hosted solution;
- Annualised revenue well in excess of \$8 million;
- Current risk offering outsourced.

Merger and Integration

- Initial integration available day one, with PlanTech Risk Researcher replacing the existing outsourced risk module in XPLAN. Complementary and flexible technology, combined with informed and skilled workforces has enabled a timely transition;
- In the short-term we will deliver a further more comprehensive integration of PlanTech's Risk Researcher and qualitative tools providing a unique web-based investment/risk solution;
- Ongoing support for existing PlanTech desktop solutions will continue, although we believe web-based solutions will eventually be a full replacement, with strong demand from clients. XPLAN's experience with web-delivered solutions is a plus, and facilitates PlanTech clients already keen for a web solution;
- Discontinuing PlanTech development of web-based CRM and investment planning functionality as this is fully featured in XPLAN;
- Focus and continued investment directed to PlanTech's risk strengths. Key executives including Tony Smith and Mark Young retained to continue to drive the PlanTech business;
- South African business has significant potential. IRESS is to investigate building on this presence to introduce equity information and trading products into the South African broking and investment market;
- Commercialisation of PlanTech's enterprise commission-tracking, payments and reporting system CommPay, and insurance application hub AppCentral, will be accelerated. We believe both to have significant potential to both existing and prospective clients.

Financials

- Purchase price of \$15 million, \$12 million upfront, \$3 million in 12 months;
- Significant cost reductions on day one due to cessation of PlanTech's expenditure on CRM and web development;
- Earnings accretive in the first year;
- Expected move to single adviser platform in around 12 months;
- Expected recurring revenue conversion of around 90%;
- Post full rationalisation (12 months) marginal costs expected to be annualised less than \$5.0 million.

Highlights

- Transaction makes XPLAN by far the leading independent planning software vendor;
- XPLAN now offers the industry leading risk solution with stage one integration in place;
- Strong potential to market XPLAN investment solution to PlanTech customers;
- Strong potential to deepen uptake of risk functionality with XPLAN customers;
- Highly competitive joint offering to compete for new clients;
- Strong potential from new commission management system;
- Further expands Xplan's presence in New Zealand;
- South African wealth management opportunities good for merged solution;
- Potential base for IRESS equity products in South Africa.

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