IRESS
2011 ANNUAL REPORT

iress

DIRECTORS

P Dunai – Chairman
A Walsh – Managing Director
B Burdett
J Seabrook
J Cameron
J Hayes

COMPANY SECRETARY

S Bland
P Ferguson

REGISTERED OFFICE

Level 18, 385 Bourke Street
Melbourne Vic 3000
Phone: (03) 9018 5800
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SHARE REGISTRY

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

BANKERS

National Australia Bank Limited

AUDITORS

Deloitte Touche Tohmatsu

SOLICITORS

Mallesons Stephen Jaques

STOCK EXCHANGE LISTING

IRESS Market Technology Limited shares are quoted on the Australian Stock Exchange under the code IRE.

THE ANNUAL GENERAL MEETING

The Annual General Meeting of the Shareholders of IRESS Market Technology Limited will be held in the Board Room at Level 18, 385 Bourke Street, Melbourne 3000 on Thursday, 3 May 2012 at 11.30 a.m.

* For full details and Proxy Form please refer to the separate document enclosed.

HIGHLIGHTS

Consolidated profit from ordinary activities after income tax, adjusted for non-recurring items, for the twelve months ended 31 December 2011 was $59.8 million, an increase of 2.4% on the previous year. Group segment profits were $89.1 million, an increase of 3.4% on the previous year, and basic earnings per share on an adjusted basis increased 1.1% to 47.210 cents per share. Reported profit after tax, which includes the impact of non-recurring/non-operating items, was $41.3 million, compared with $50.5 million last year, a decline of 18.1%.

Consistent with prior periods, the significant non-operating charges in 2011 related to the depreciation and amortisation of software arising on the acquisition of businesses. Collectively these charges had a pre-tax impact of $17.827 million (2010: $9.560 million). In addition the above adjusted results are prior to inclusion of share based payment expenses which are excluded to provide inter-period comparability of the underlying business operations.

Directors have declared a final dividend of 24.0 cents per share 83% franked at a 30% tax rate.

The final dividend combined with the first half interim dividend of 14.0 cents gives a total of 38.0 cents partially franked on each share. A total dividend of 38.0 cents per share represents a payout ratio of around 80.7% of full year adjusted earnings.

FINANCIAL SUMMARY

12 MONTHS TO 31 DECEMBER 2011

	CONSOLIDATED 2011	CONSOLIDATED 2010
Total revenues ($m)	204.758	179.585
Profit before income tax expense ($m)	60.160	67.827
Profit attributable to the members of the parent entity ($)	41.341	50.479
Adjusted basic earnings per share (cents)	47.210	46.675
Dividend per share (cents)	38.0	38.0*

*Calculated prior to inclusion of the 3.5 cent unfranked special dividend.

FINANCIAL MARKETS – AUSTRALIA AND NEW ZEALAND

During 2011, revenue growth was strongly associated with client preparation for multiple trading venues. Revenue for our leading range of multi-markets products and services commenced once venue competition opened in October, supported by investment made by the company in headcount. The success of this technology transition was viewed as a key event to retain and enhance our position in the Australian financial markets. While it is early days, we are well prepared for the opportunities presented in the increasingly complex and fragmented Australian equity market.

Outside of services associated with multi-markets, revenues were largely flat in the face of challenging trading volumes for our clients and an ever increasingly cost driven focus. In addition to the sizeable bad debts arising on the demise of Minc Financial and MF Global they represented a loss in ongoing recurring subscription revenues, which are yet to be fully replaced. Cancellations coming from the prolonged poor conditions increased late in the second half.

The division achieved revenue growth of 4.2% over the full year (up 0.6% and 1.7% on the prior half year's results for the period to June 2011 and December 2011 respectively). Investment in staff to support clients through what has been arguably the most significant change in Australia's trading micro-structure, resulted in a decline in segment profits of 4.4% for the full year (down 5.9% and 2.4% respectively on the prior half's results).

Some of the key highlights were:

- Multi-markets transition
  - 10,000 users upgraded for consolidated market data for all venues.
  - 19 of 22 brokers live on ChiX launch used IOS+.
  - 59 IOS+ servers now in production are multi-market featured.
  - Best Market Router (BMR) in production with 15 clients.
  - Liquidity view and trade-through analysis (best-execution) tools available.
  - Operator Trader Workstation (OTW) terminal providing multi-market upgrade path for Integrated Trading System (ITS) users.
  - IRESS Optical Network (ION) 10GB low latency network established and used by 7 of top 10 brokers.
  - Liquidity Pool and auto-crosser in production with 3 clients.
- IOS+ key role in providing high capacity flexible order management across all venues.
- Low-latency IRESS eco-system offering superior technical and cost outcomes to clients.
- Extended retail product suite including new web and mobile (iphone, ipad, Android) offerings.

FINANCIAL MARKETS – CANADA

Our Canadian financial markets operations produced good revenue growth with revenue up 10.9% (CAD) on 2010 (up 7.0% and 7.1% on the prior half year's results (CAD) for the period to June 2011 and December 2011 respectively). The outcome reflected resilience in the underlying business, together with additional revenue associated with project completions. This growth occurs in a period of prolonged and challenging macro conditions for our client base, the impact providing a subduing influence on demand for new services. Some improvements in contribution together with moderated growth in the operating cost base yielded a 13.5% (CAD) improvement in segment profits (up 5.7% and 15.4% on the prior half year's results (CAD) for the period to June 2011 and December 2011 respectively).

The performance of the division was lessened by strong currency movements translating to growth of 2.0% and 4.5% for revenue and segment profit respectively when measured in Australian dollars.

Some of the key highlights were:

- Positive progress on institutional order management with clients and prospects. Now in broader client base rollout. Continues to be a core strategic focus.
- IRESS Best Market Router (BMR) shows continued high performance delivery of trade-through compliance and advanced routing features.
- Enhanced North American Trading Module "FXM" ready for production, offering high performance and further flexibility in cross border settlements.
- Competitively priced desk automation trading algorithms ready for production. Response to client demand and increasingly electronic environment.
- Market data desktop with analysis tools well received as essential in fragmented market.
- IRESS Optical Network (ION) now deployed, enhancing ultra-low latency trading ecosystem in Canada.
- IRESS infrastructure performed extremely well during record volatility and volume rates.
- Retail order management extensions now in rollout with seed client. Differentiating features and expect applications in many other firms.
- Retail online trading and market data suite differentiated competitively with a number of opportunities continuing.

FINANCIAL MARKETS – SOUTH AFRICA

The acquisition of Peresys was completed on 20 January 2011, with the focus during the year to seed new product opportunities in response to client demand, and integrate business operations.

Our financial markets business in South Africa enjoys many of the characteristics of our other business units, with revenues comprising approximately 90% recurring subscription revenue and the remainder generated by volume based services. The macro climate and its impact on volumes and client businesses was no less relevant in South Africa during 2011, with the business experiencing both good growth in subscription revenues across products, somewhat mitigated by reduced volume levels and associated volatility. Structural changes anticipated for professional equity markets during 2012 in South Africa are expected to provide an opportunity to leverage the broader IRESS technology suite.

The significant appreciation of the Australian dollar against the South African rand lessened the otherwise solid results of the business during 2011 when assessed in Australian dollar terms.

Some of the key highlights were:

- Retail product suite (Trader/Investor/Mobile) in production and well received.
- Hedge fund Execution Management System (EMS) solution in production.
- Trading architecture evolving, creating new opportunities.
- IRESS trading gateway to the South African derivatives exchange (SAFEX) now deployed, with demonstrable latency reductions.
- JSE trading engine relocating from the United Kingdom and changing technology platforms in mid-2012. IRESS network and technology investments open pathway for providing unique offering of ASP solutions combined with smooth transition for clients.
- Integration between IRESS and local FIX order routing hub providing seamless transition for clients over exchange and topology changes, and new opportunities.
- Private wealth solution of combined XPLAN/IRESS Portfolio System (IPS)/IOS+ a key differentiator. Components already in production.

FINANCIAL MARKETS – ASIA

Revenue growth in Asian financial markets during 2011 was progressing well as we continued to build capability and respond to new opportunities. However, revenue was impacted late in the second half by the collapse of MF Global, which was material for this division.

WEALTH MANAGEMENT – AUSTRALIA & NEW ZEALAND

Wealth Management in Australia and New Zealand has continued to perform well through a period of ongoing change for the industry and our clients. The division delivered good growth through differentiated product capability, demand for tangible efficiency savings through technology, and enhanced adviser workflow and end client experience.

Contributing to this growth have been numerous new and transitional rollouts that have presented additional new client requirements and opportunities, in addition to broad organic opportunities across the client base and product range as clients look to efficiency.

The wealth management sector is not immune from the economic climate and the secular changes driven by advice reform, which includes consolidation. But while it remains difficult to anticipate exactly how the segment will be impacted in the longer-term, our experience amidst current conditions has been positive and demonstrates our important role in providing flexible solutions allowing clients to reposition themselves for growth.

The division achieved revenue growth of 12.2% over the full year (up 5.3% and 7.5% on the prior half year's results for the period to June 2011 and December 2011 respectively). Positive revenue momentum combined with moderated expenses in the second half produced segment profit growth of 8.7% for the full year (up 1.1% and 8.9% respectively on the prior half's results).

Some of the key highlights were:

- Clients and projects
  - Increased involvement in numerous institutional XPLAN transitions.
  - Clients focussing on scalable advice platform and efficiencies.
  - Private wealth management responding as differentiated segment.
- Product is differentiating and proving portable
  - Actively responding to clients and opportunities.
  - XPLAN 2 now deployed at 50% of sites, with well received design and user experience.
  - FoFA demanding integrated advice platform (efficiency and compliance).
  - XPLAN modules that ease compliance or enhance client experience in demand.
- Industry
  - Advice reform driving common trends in global markets. IRESS leveraging synergy and leadership opportunities.
  - Trend from commission to advice driving focus on client management, marketing, engagement.
  - Long-term impacts difficult to predict. Technology is and will remain key enabler.
  - XPLAN continues to be ranked as most widely used and richest functionality.

WEALTH MANAGEMENT – SOUTH AFRICA

The South African business continues to support its client base and the significant projects underway for migration to XPLAN, against the significant impact of client roll-offs previously flagged. While these offsets are small in a group sense, they represent material amounts for this business. Opportunities continue for our integrated advice platform that offers direct cost savings, efficiency and best practice opportunities for our clients. Revenue declined 6.3% (ZAR) over the year which generated a 23.9% (ZAR) decline in segment profit.

Some of the key highlights were:

- Several institutional XPLAN transitions underway or commencing in 2012.
- Clients seeking to leverage integrated advice platform to manage multi-channel distribution and compliance, in a cost efficient manner.
- Increasing focus on investment planning and assets under management.
- Regulation and education criteria having some impact on industry dynamics.

WEALTH MANAGEMENT – ASIA

Opportunities in the region continue to provide confidence in our medium-long term prospects that span various segments in wealth management from tied sales, to independent advice networks, to expatriate advice franchises and private banking. We continue to progress product and business building given our medium term outlook.

WEALTH MANAGEMENT – UNITED KINGDOM

In November 2011, IRESS announced the launch of its Wealth Management division in the United Kingdom on the back of its selection as strategic supplier of wealth management advice technology by the largest distributor of retail financial advice in the UK.

IRESS' goal is to establish a competitive and comprehensive advice platform to meet the needs of the UK advice market, and over time to build a business similar to its leading wealth management operations in other markets. The UK division has been initiated with a local management team, with the local team growing based on deliverables.

The new division is underpinned by a long-term supply agreement, with 2012 dedicated to localisation and commencement of rollout, and minimum fees payable from 2013. During the initial years of the rollout phase, the seed license fee revenue will be insufficient to offset operational expenses as IRESS focuses on establishing its presence. IRESS' net segment profit operational funding requirement during the establishment phase will be fully expensed and limited to $5.0m per annum, subject to regular review.

CHAIRMAN AND MANAGING DIRECTOR’S REPORT

OUTLOOK

The Company will continue its strategy of local tailoring of solutions to all segments of our client base and adding value, avoiding where possible commodity product status. Continuing to act as a responsive vendor, and meeting client requirements as their businesses evolve, is key. In addition to understanding changes in technology and regulation it requires a willingness to invest for the medium term, and engage in active and responsive dialogue with our clients.

While the timing of a full recovery in our mature businesses remains difficult to predict, the differing level of maturity across our various divisions provides a useful mix of early stage emerging to mature activities.

Specifically looking at the group’s financial outlook for 2012, the early signs are mixed, with maturing projects and newly commencing client technology initiatives, combined with a widespread focus on cost reductions throughout financial markets given the extended turbulent climate. Demand remains for our solutions, particularly in areas providing direct savings, and those with which our clients can enhance services and engagement with their end clients. However, we remain cautious given the environment and expect conditions for at least the short term to moderate underlying financial growth, suggesting that flat 2012 segment profits before growth investments would represent a good result.

Our confidence in the merit of our growth investments divisions (Asia and United Kingdom) is undiminished despite the ongoing difficult environment. While having a short-term impact on group results, we remain convinced of the medium and long-term potential for strong growth, and have no doubt, that in these cases, our approach is the best balance of risk and reward for creating shareholder value. Acquisitions where these make sense to bring forward growth, continue to be considered within the parameters of our longstanding risk profile.

ACKNOWLEDGEMENTS

IRESS has a fabulous pool of technology, but its greatest asset continues to be the dedicated and committed staff working for the Company. During the year, numerous and complex demands were made of our staff to meet client and project requirements globally. It is fully recognised that the success of IRESS is largely a result of the dedication and commitment of our staff, to whom we offer our sincere thanks.

This observation is not something that is taken for granted. During 2011 the demands on staff if anything, increased as staff worked to fulfil client requirements, roll-out objectives, and to address the consequences of our growing breadth of operations, networks and market data. In addition, the extensive internal deadlines for medium-term initiatives further demanded staff.

There was an increase in remuneration levels during the year consistent with industry trends. For reasons outlined above, some divisions also experienced headcount growth. Managing the human resources of the company is a vital component in generating long term returns to shareholders, and to this end we appreciate the requirement to be fully aware of local employment market conditions in all areas where we operate, and the importance of long term retention and stability in our workforce.

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

Mr A Walsh
Managing Director

Mr P Dunai
Chairman

The Directors of IRESS Market Technology Limited submit herewith the annual financial report for the financial year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows.

BOARD OF DIRECTORS

NAME	PARTICULARS
Mr P Dunai	Chairman since May 2010, member of the Nomination and Remuneration Committee. Served as Managing Director of the Company from inception until retiring from that role in October 2009. A founding shareholder who joined the Board in 1993. He was Chairman of Nomination and Remuneration Committee until 5 May 2011.
Mr A Walsh	Managing Director. Founded XPLAN Technology Pty Ltd which was acquired in 2003 by the Company, and from 2003 managed the transition of XPLAN from an independent start-up organisation to a fully integrated material division of the Group until taking up his current role. He joined the Board in October 2009.
Mr J Killen (OAM)	Non–executive director, Chairman of the Audit Committee for part of the year. Joined the Board in 2000 and was Chairman of the Audit Committee from appointment through to his retirement from the Board on 5 May 2011.
Mr B Burdett	Non–executive director, member of the Audit Committee, joined the Board in 2006 and is also Chairman of Neurosciences Victoria Ltd, and a director of Investment Technology Group Inc, a New York Stock Exchange listed company.
Ms J Seabrook	Non–executive director, Lead Independent Director since May 2010, Chair of the Nomination and Remuneration Committee since 5 May 2011, and a member of the Audit Committee. She joined the Board in August 2008 and is also a special advisor to Gresham Partners Limited, a non-executive director of Iluka Resources Limited, Bank of Western Australia Ltd, Amcor Limited and the Export Finance and Insurance Corporation. She is also a member of the Federal Government's Takeovers Panel and ASIC's external advisory group.
Mr J Cameron	Non-executive director, member of the Nomination and Remuneration Committee since 5 May 2011, and member of the Audit Committee until 5 May 2011. He joined the Board in March 2010 and is also a director of FIX Protocol Limited.
Mr J Hayes	Non–executive director, Chairman of the Audit Committee. Joined the Board on 10 June 2011, assuming Chair of the Audit Committee from this date. He is also a member of the Advisory Council of Comcover, a Federal Government Entity.

The above named Directors held office during and since the end of the financial year except for:

- Mr J Killen (OAM) who retired from the board on 5 May 2011; and
- Mr J Hayes who joined the board on 10 June 2011.

COMPANY SECRETARY

NAME	PARTICULARS
Mr S Bland	Chief Financial Officer and Company Secretary, joined the Company in 2001 and has held his current position since then. He is a nominee director for all wholly owned subsidiaries.
Mr P Ferguson	Group General Counsel and Company Secretary, joined the Company in June 2011. Since his appointment, he has assumed primary responsibility for Company Secretarial matters.

PRINCIPAL ACTIVITIES

During the course of the year, the consolidated entity's activities consisted of the provision of information, trading, compliance, order management, portfolio and financial planning systems and related tools. The principal clients comprise Australian, New Zealand, Canadian and South African domestic equity participants, and wealth management professionals in Australia, New Zealand and South Africa. In addition, the consolidated entity has emerging operations in Asia and recently established operations in the United Kingdom.

REVIEW OF OPERATIONS

In looking at the consolidated entity's performance during 2011, the following are important themes:

- Pursuit of medium term growth opportunities:
  - In January 2011, the Peresys operations were acquired, establishing IRESS Financial Market activities in South Africa. In addition to being a new and profitable business segment providing good growth opportunities, it does impact year on year comparisons for the consolidated entity;
  - Organic growth initiatives to establish IRESS services in Asia which commenced in 2010 continued in the current year. Significant progress in trialling of services and engagement with clients continued and was broadly in line with expectations. The financial investment of seeding this longer term opportunity continued in the current year and remains an important avenue for future growth; and
  - In a similar manner to our organic initiative in Asia, in November 2011 wealth management operations were commenced in the United Kingdom supported through securing a seed client arrangement with the largest retail distributor in the United Kingdom.
- Economic Conditions:
  - In the broad 2011 was a tough year for the financial services sector, which generally translated into softer demand for new services, and some cancellations;
  - Despite this, opportunity and demand for our leading solutions in segments remained, most noticeably in expanded requirement for retail wealth management technology and services;
  - Failures by Minc Financial and MF Global impacted on the current year through lost recurring revenue as well as sizeable bad debts; and
  - Demand for skilled staff relevant to our business activities continues to remain high.
- Conversion of off-shore results to Australian Dollars:
  - Group consolidated results for the year are impacted by appreciation of the Australian dollar, most noticeably in conversion of the results from our South African operations given the 22% decline in the South African Rand.

IRESS' recurring subscription model continues to drive results and outlook.

During the year, the profitability of the consolidated entity was impacted by:

- Australia & New Zealand Financial Markets - Revenue $108.9m. (2010: $104.5m) up 4.2%; segment profits $56.3m (2010: $58.9m) down 4.4%. Revenue growth was strongly associated with project deliveries in the commencing and final periods of the second half, driven by client preparation for multiple trading venues late in 2011. While revenue for our leading range of multi-markets products and services commenced once venue competition opened in October, its positive effect was impacted through the loss of MF Global and increased cancellations. While headcount did increase during 2011 (mainly in H2'2011), it was also impacted by the full year impact of the headcount increases late in H2'2010 which was largely to support project work associated with the move to multi-markets. The collapses of Minc Financial and MF Global resulted in a $0.519m bad debt expense. The combined impact of these resulted in a margin decline from 56.3% to 51.7%.
- Canadian Financial Markets – Revenue $24.0m. (2010: $23.5m) up 2.0% (10.9% in CAD); segment profits $8.2m (2010: $7.8m) up 4.5% (13.5% in CAD). The segment produced good revenue growth in line with project completions, although its impact was somewhat lessened due to broader economic factors. Modest improvements in contribution from news, data and communication services combined with moderated growth in the operating cost base saw margins in CAD improve from 33.5% to 34.2%.

- South African Financial Markets – Revenue $15.3m (ZAR 114.2m) (2010: nil); segment profits $5.5m (ZAR 41.8m) (2010: nil). The underlying entity making up this segment (Peresys (Pty) Ltd) was acquired with effect from 20 January 2011. This business has high levels of recurring revenues, some of which are linked to volume usage. Due to reduced trading volumes as experienced globally, this component of their revenues was negatively impacted. Revenue growth in H2'11 was up 20.4% in ZAR, supported in part from the part period in January missing from H1, a price increase in April as well as growth in subscription revenues. Cost growth associated with post acquisition changes, and some initiatives to support future growth resulted in H2 margins staying largely unchanged for H2'11 at 36.6% in ZAR.
- Asian Financial Markets – Revenue $1.1m. (2010: $0.6m); segment loss $(1.5)m (2010: $(0.6)m). The segments results were impacted through the loss of MF Global in the second half, reducing revenues from a major client to the division as well as a bad debt of $0.262m.
- Australia & New Zealand Wealth Management– Revenue $49.1m. (2010: $43.8m) up 12.2%; segment profits $20.3m (2010: $18.6m) up 8.7%. The business has continued to perform well, with revenues driven by transitional rollouts as well as solid organic growth across the broader client base. Demand for services continues to be driven by the efficiencies available through the suite of technology offerings. Growth in headcount to support the large number of migrations saw margins decline marginally from 42.6% to 41.3%.
- South African Wealth Management – Revenue $6.0m. (2010: $7.1m) down 15.3% (6.3% in ZAR); segment profits $1.7m (2010: $2.5m) down 31.6% (23.9% in ZAR). The known loss of two clients (as announced with last year's results) produced a financial outcome inconsistent with the level of activity and work performed on XPLAN rollouts and responding to client requirements and opportunities. With modest cost increases, margins decreased from 35.0% to 28.4%.
- Asian Wealth Management – Revenue $0.2m (2010: $0.3m) down $0.1m and segment loss $(1.3)m (2010: loss $(1.1)m). The business continues to make progress in engaging clients and establishing solutions with seed clients across the broad spectrum of wealth management services in these markets. The cost base remained substantially unchanged from 2010.
- United Kingdom Wealth Management – This operation was established in November 2011, and generated no revenue in the period, and a segment loss of $(0.1)m.

The reported net profit after tax was $41.3m, an 18.1% decrease on reported profits for the same period last year. Impacting on comparability of results for 2011 and 2010 are:

- a primary factor in increased operating expenses in 2011 on 2010 was the 28.7% increase in group headcount across the year. In addition to the 93 staff introduced into the group through the acquisition of Peresys, headcount was increased in both financial markets and wealth management A&NZ to support client lead initiatives (approximately a further 35 staff), the other area of growth was staffing for financial market activities in Asia. Also very late in 2011 there were some new staff associated with setting up wealth management operations in the UK. Further 2011 wages and other related costs reflected the full year impact for the 58 additional staff added during 2010;
- the increase in total direct staff costs before share based payments at 27.1% was in line with the movement in headcount. Short term incentives increased very slightly as a percentage of base wages, reflecting amongst other factors the enormous effort by many associated with very major projects across the group, most notably the multi-market implementation in Australia. Share based payments, which lag headcount movements, increased by 2.8%. Overall total employee related expenses increased by $15.635m or 24.4%;
- customer data fees increased by 8.5% reflecting expanded data requirement, largely associated with the commencement of our financial markets South Africa operations;
- communication and technology expenses increased by $1.270m or 13.6% reflecting in part expansion and upgrade to our networks, including in Asia and South Africa;
- primarily as a direct result of the increased headcount, and the introduction of Peresys into the group results, facility related expenses increased by 28.1%. Office relocations in Brisbane, Perth and Singapore were also a factor;

- during 2011 the group experienced two large bad debts (Minc Financial and MF Global) which together with an increase in the doubtful debts provision at Peresys, resulted in a net bad debt expense for the year of $0.882m. Until this year, bad debts of this magnitude were unprecedented for the consolidated entity. In 2010, given our negligible claims history, there was a write back in the bad debt provision which resulted in a credit of $0.722m in the Income Statement. In 2011 the bad debt expense was $0.882m, which represents a net movement year on year of $1.604m;
- depreciation and amortisation increased by $7.489m (49.6%) primarily due to recognition of new assets associated with the purchase of assets from Peresys and the subsequent purchase of Peresys, which collectively gave rise to assets such as computer software and referred to in management presentations as Strategic Charges;
- net interest income decreased by $1.862m primarily from decreased average cash holdings during the year. In addition interest expense flowing from deferred consideration associated with the Peresys vendor earnout, resulted in a non-cash interest expense being recognised;
- as previously flagged the effective income tax rate increased back to longer term levels at 31.3% from 25.6% in 2010. The change arose from concluding the previously observed overlap on tax deductions arising from the transition of share grants from performance rights to deferred shares; and
- the collective impact of these changes was a decrease in basic EPS from 40.335 cents per share to 32.644 cents per share, a decrease of 19.1%.

CHANGES IN OPERATIONS DURING THE YEAR

During the course of the year, the operations of the consolidated entity were modified by the following changes:

Establishment of Financial Market operations in South Africa

Effective from 20 January 2011, IRESS Market Technology Limited ('IRESS') acquired Peresys (Pty) Ltd ('Peresys') and its subsidiaries. Shortly prior to this in a separate transaction, IRESS acquired all the computer software and registered intellectual property rights of Peresys (collectively the 'transaction').

Peresys is a South African based technology solutions provider to the financial markets, specialising in building and running FIX enabled connected trading communities across all asset classes, including equities, fixed interest and derivatives.

Peresys was acquired for an expected ZAR 375m (approximately AUD 56.1m). The transaction included an upfront cash payment of ZAR 340.5m (approximately AUD 51.0m) and performance based payments based around the growth of the business of up to ZAR 24.2m (approximately AUD 3.6m), most of which is payable at the end of three years. The total aggregate purchase price is capped at ZAR 364.7m (approximately AUD 54.6m). In addition, up to an additional ZAR 10m (approximately AUD 1.5m) is available to certain staff, with payment based on performance of the business over three years.

Establishment of Wealth Management operations in the United Kingdom

In November 2011, IRESS Market Technology Limited ('IRESS') announced the establishment of wealth management operations in the United Kingdom through a wholly owned UK subsidiary, IRESS Technology Limited ('IRESS UK'). At the same time it was announced IRESS UK had been selected as the strategic supplier of wealth management advice technology to the largest distributor of retail financial advice in the UK. Supporting this new initiative the former Directors of leading financial services consultancy business were employed, after agreeing to wind down their consulting business.

As this is an organic entry into the UK, there were no upfront payments or acquisition related amounts. The arrangement with our seed client recognises their position in terms of future pricing of services, but there are no capital payment amounts involved. The arrangement with the new local management team, includes potential to participate in share grants assessed exclusively on the performance of the UK business over the medium term.

CHANGES IN STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

SUBSEQUENT EVENTS

Other than as noted below, there has not been any other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years, and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

DIVIDENDS

In respect of the financial year ended 31 December 2010, the Directors recommended a final dividend of 24.0 cents per share franked to 66% at 30% corporate tax rate to be paid to the holders of fully paid ordinary shares on 31 March 2011. The record date to participate in the final dividend is 15 March 2011.

In addition, directors recommended a once off special unfranked dividend of 3.5 cents per share to be paid to the holders of fully paid ordinary shares on 31 March 2011.

In respect of the financial year ended 31 December 2011, an interim dividend of 14.0 cents per share franked to 90% at 30% corporate tax rate was paid to the holders of fully paid ordinary shares on 30 September 2011.

In respect of the financial year ended 31 December 2011, the Directors recommend a final dividend of 24.0 cents per share franked to 83% at 30% corporate tax rate to be paid to the holders of fully paid ordinary shares on 30 March 2012. The record date to participate in the final dividend is 16 March 2012.

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 6 Board meetings, 5 Audit Committee meetings and 4 Nomination and Remuneration Committee meetings were held.

	BOARD OF DIRECTORS		AUDIT COMMITTEE		NOMINATION AND REMUNERATION COMMITTEE	
DIRECTORS	**ELIGIBLE TO ATTEND**	**ATTENDED**	**ELIGIBLE TO ATTEND**	**ATTENDED**	**ELIGIBLE TO ATTEND**	**ATTENDED**
Mr P Dunai	6	6	–	–	4	4
Mr A Walsh	6	6	–	–	–	–
Mr J Killen	2	2	1	1	–	–
Mr B Burdett	6	6	5	5	–	–
Ms J Seabrook	6	6	5	5	4	4
Mr J Cameron	6	5	1	1	4	4
Mr J Hayes	4	4	4	4	–	–

INDEMNIFICATION OF OFFICERS AND AUDITORS

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

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

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

AUDIT SERVICES

Details of amounts paid or payable to the auditor for audit services provided during the year by the auditor are outlined in Note 27.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 33.

ROUNDING OFF AMOUNTS

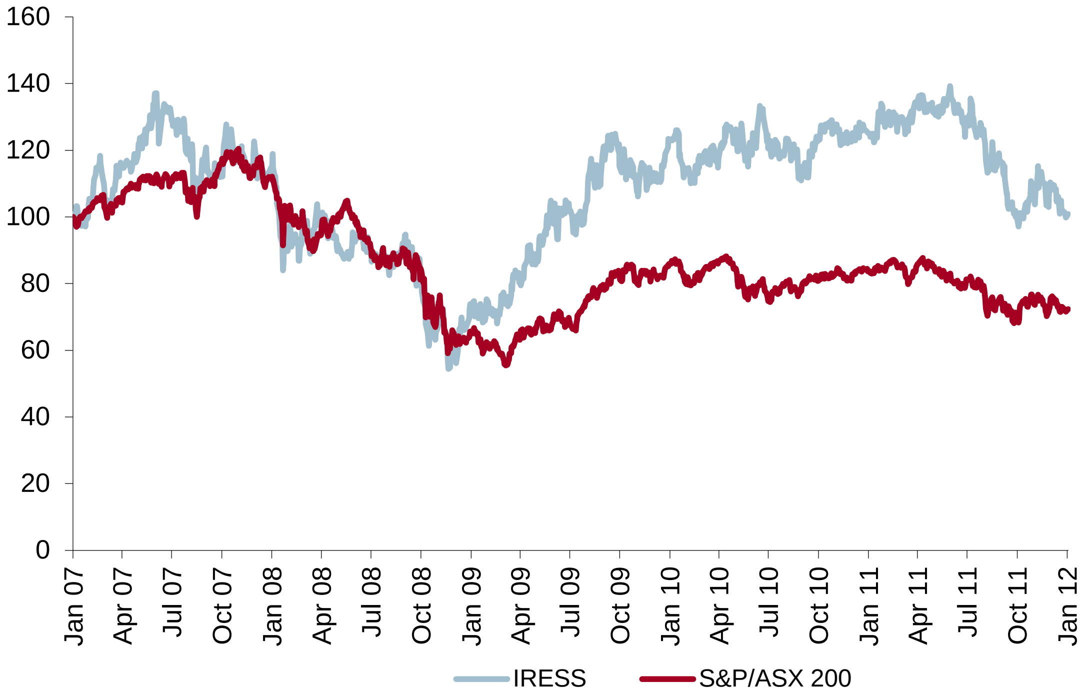
The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order, amounts in the Directors' Report and the Financial Report are rounded off to the nearest thousand dollars.

AUDITED REMUNERATION REPORT

This Remuneration Report provides details of IRESS' policy for determining the remuneration of directors and executives; the relationship between the policy and the performance of the company during the financial year; and the remuneration of board members and executives in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, Key Management Personnel of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the company and the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the parent or the group receiving the highest remuneration.

RELATIONSHIP BETWEEN COMPANY PERFORMANCE AND REMUNERATION

The graph below outlines the relative share price performance of IRESS Market Technology Limited over the five years to December 2011, compared to the S&P/ASX 200 index. Over the five years the IRESS share price had decreased by 0.2% and the S&P/ASX 200 index had decreased by 28.5%. Further, during this period, IRESS has maintained its high dividend payout ratio, and the weighted average franking of dividends was 85.6%.



An analysis of company performance over the five years to December 2011 is set out in the table below.

MEASURE (a)	31 DECEMBER 2007	31 DECEMBER 2008	31 DECEMBER 2009	31 DECEMBER 2010	31 DECEMBER 2011
Share price	796.9¢	513.0¢	855.6¢	869.6¢	693.0¢
Change in share price	97.6¢	(283.9¢)	342.7¢	13.9¢	(176.6¢)
Change in share price (%)	14.0%	(35.6%)	66.8%	1.6%	(20.3%)
Volume weighted average price for period	799.6¢	591.7¢	687.0¢	840.4¢	833.7¢
Basic earnings per share	21.904¢	29.622¢	34.784¢	40.335¢	32.644¢
Diluted earnings per share	21.176¢	28.795¢	34.175¢	40.016¢	32.589¢
Dividend per share (b)	26.0¢	31.0¢	34.0¢	38.0¢(c)	38.0¢
Weighted average franking on ordinary dividends	100%	100%	100%	100%(c)	85.6%

(a) The share price figures in the table for the four years ended 31 December 2010 have been adjusted to align with ASX adjustment factor arising from the special dividend paid 31 March 2011.

(b) Dividend per share calculated based on total of interim and final dividend rather than dividends actually paid in the year. The calculation excludes the impact of the 3.5¢ special dividend paid in March 2011.

(c) All dividends prior to the December 2010 final dividend were fully franked. The calculation 2010 has been adjusted to reflect value for the 3.5¢ special dividend paid in March 2011 as an increase to the franking percentage, rather than a heightened dividend per share.

As set out on pages 14 to 32 the Board has regard to a number of factors when setting the levels of fixed, short term and long term remuneration for the managing director and executives including financial performance, non-financial factors and strategic factors.

DIRECTORS AND KEY MANAGEMENT PERSONNEL DETAILS

This remuneration report includes information on the remuneration of:

- the directors of IRESS Market Technology Limited, being:
  - Mr P Dunai (Chairman, Chairman of Nomination and Remuneration Committee until 5 May 2011);
  - Mr A Walsh (Managing Director)
  - Mr J Killen (Chairman of the Audit Committee, Non-executive Director; retired from the Board 5 May 2011);
  - Mr B Burdett (Non-executive Director);
  - Ms J Seabrook (Non-executive Director, Lead Independent Director, Chair of Nomination and Remuneration Committee since 5 May 2011);
  - Mr J Cameron (Non-executive Director); and
  - Mr J Hayes (Non-executive Director, appointed 10 June 2011, Chairman of the Audit Committee since 10 June 2011);
- and other key management personnel being:
  - Mr S Bland (Chief Financial Officer and Company Secretary);
  - Mr J Davies (President & Chief Executive Officer, Financial Markets Canada);
  - Mr P Ferguson (Group General Counsel and Company Secretary);
  - Ms K Gross (General Manager, Products, Sales & Marketing); and
  - Mr D Walker (Chief Technical Officer).

(Collectively, the above other key management personnel represent the 'executives'.)

SHARE RIGHTS

SHARE RIGHTS GRANTED TO, AND VESTING IN, DIRECTORS AND EXECUTIVES

The following table sets out the share rights issued by the company to directors during the year, as well as the share rights which vested during the year to directors or a related body corporate of a director.

No share rights have been issued to directors or executives since the end of the year. No share rights granted to directors or executives have been cancelled during the year or since the end of the year. No rights that were granted in the year ended 2011 vested in 2011.

DIRECTORS	NOTE	SHARE RIGHTS GRANTED DURING THE YEAR	SHARE RIGHTS VESTED DURING THE YEAR
Mr P Dunai	(a)	–	200,000
Mr A Walsh	(a)	300,000	56,000
	(b)	30,000	25,000

(a) Governed by the rules of the Employee Performance Rights Plan.
(b) Governed by the rules of the Employee Deferred Share Plan.

During the year, the following share rights were issued to executives and staff and the following share rights vested to executives or a related body corporate of theirs.

EXECUTIVES	PERFORMANCE RIGHTS GRANTED DURING THE YEAR (a)	DEFERRED SHARES/DEFERRED SHARE RIGHTS GRANTED DURING THE YEAR (b)	SHARE RIGHTS VESTED DURING THE YEAR (c)
Mr S Bland	31,040	10,290	59,000
Mr J Davies (d)	15,430	10,010	33,000
Mr P Ferguson	–	–	–
Ms K Gross	28,520	10,070	44,500
Mr D Walker	32,710	10,290	54,000

(a) Governed by the rules of the Employee Performance Rights Plan.
(b) Governed by the rules of the Employee Deferred Share Plan and the Employee Deferred Share Rights Plan.
(c) Comprises performance rights and deferred shares.
(d) Vested share rights may be unexercised.

The number of share rights which subsequently vest is dependent on a number of variables including the performance of the company. In accordance with the applicable share plan rules and where they were eligible to vest, all performance rights eligible for vesting in May 2011 and August 2011, issued in May 2008 and August 2008 respectively, vested.

Further details of the above performance rights, deferred shares and deferred share rights are set out in Notes 36 to 38.

SHARE RIGHTS EXERCISED BY DIRECTORS AND EXECUTIVES

During the financial year, the following vested share rights were exercised by the nominated person(s) and converted into ordinary shares in IRESS Market Technology Limited. With the exception of Mr Davies, no vested shares for directors or executives remain unexercised at 31 December 2011.

	PERFORMANCE RIGHTS EXERCISED DURING THE YEAR (a)	DEFERRED SHARES/DEFERRED SHARE RIGHTS EXERCISED DURING THE YEAR (b)	AGGREGATE AMOUNT PAID $
DIRECTORS			
Mr P Dunai	200,000	–	1
Mr A Walsh	56,000	25,000	1
EXECUTIVES			
Mr S Bland	46,000	13,000	1
Mr J Davies	–	–	–
Mr P Ferguson	–	–	–
Ms K Gross	33,000	11,500	1
Mr D Walker	42,000	12,000	1

(a) Governed by the Employee Performance Rights Plan. The exercise price was $1 in total for each series of performance rights exercised.

(b) Governed by the Employee Deferred Share Plan or the Employee Deferred Share Rights Plan as applicable.

Further details on the Employee Performance Rights Plan, the Employee Deferred Share Plan and the Employee Deferred Share Rights Plan are set out in Notes 36, 37 and 38 respectively.

DIRECTOR AND EXECUTIVE SHAREHOLDINGS

The following table sets out each director's relevant interest held directly or through a related body corporate in shares, performance rights and deferred share rights of the Company at the date of this report, including where applicable, shares yet to be beneficially transferred/withdrawn by the respective director from the IRESS Employee Share Trust. There are no vested share rights which have not been exercised. Unvested performance rights and deferred shares may, subject to meeting performance hurdles, vest at some time in the future.

DIRECTORS	FULLY PAID ORDINARY SHARES	UNVESTED PERFORMANCE RIGHTS	UNVESTED DEFERRED SHARES
Mr P Dunai (a)	890,000	–	–
Mr A Walsh (a)	71,950	525,000	59,000
Mr B Burdett	100,000	–	–
Ms J Seabrook	20,000	–	–
Mr J Cameron	–	–	–
Mr J Hayes	4,600	–	–

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

The following table sets out the relevant interest in shares, performance rights, deferred shares and deferred share rights of the Company for each executive held directly or through a related body corporate, at the date of this report including where applicable, shares yet to be beneficially transferred/withdrawn by the respective executive from the IRESS Employee Share Trust. There are no vested share rights which have not been exercised. Unvested performance rights and deferred shares may, subject to meeting performance hurdles, vest at some time in the future.

EXECUTIVES	FULLY PAID ORDINARY SHARES (a)(b)	UNVESTED PERFORMANCE RIGHTS	UNVESTED DEFERRED SHARES	UNVESTED DEFERRED SHARE RIGHTS
Mr S Bland	270,390	108,730	20,480	–
Mr J Davies	–	51,280	–	21,090
Mr P Ferguson	–	–	–	–
Ms K Gross	227,610	94,690	20,460	–
Mr D Walker	471,260	106,400	21,080	–

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

(b) Mr Davies holds 73,000 vested but unexercised share rights.

The balance of this remuneration report is set out under the following headings.

- Policy and Structure:
  - Non-executive directors' remuneration
  - Executive remuneration
  - Performance under share based incentive plans
- Relationship between Company Performance and Remuneration
- Specific Remuneration Details
- Outline of Employment Contracts for the Managing Director and Executives

POLICY AND STRUCTURE

Non-executive directors' remuneration

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

The Board aims to set the aggregate remuneration at a level which provides the ability for IRESS to attract and retain highly competent directors. The aggregate remuneration level is determined from time to time by shareholders in general meeting, in accordance with the company's Constitution. The aggregate amount is then apportioned between the directors as agreed, taking into account market comparisons, the director's responsibilities, and the time spent by the non-executive directors on IRESS matters. Non-executive directors do not receive performance-based bonuses. Fees paid to non-executive directors during 2011 were within the maximum aggregate limit of $600,000 per annum agreed to by shareholders at the Annual General Meeting held on 5 May 2010.

At the end of the year the non-executive directors' annualised fee structure was as follows.

ROLE	CURRENT FEE $ (a)
Chairman	163,500
Chairman of Audit Committee	92,375
Chair of Nominations and Remuneration Committee / Lead Independent Director	92,375
Non-executive directors	80,000

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

Directors may elect to take all or part of their fees in cash or additional superannuation contributions.

The Company initiated a non-executive director equity plan in April 2008, but it has remained dormant up to 31 December 2011.

There are no other schemes for retirement benefits for non-executive directors. This is consistent with Principle 9.3 of the Australian Stock Exchange (ASX) Corporate Governance Guidelines.

EXECUTIVE REMUNERATION

Philosophy

The overall objective of the Company's approach to executive remuneration is to have practices and policies that will enable it to attract, retain, motivate and reward executives of the calibre required to be successful in terms of delivering long term returns to shareholders. Further, the Company's practices will be legal, ethical and consistent with being a good corporate citizen. It will comply with remuneration disclosures required by law and will seek to maintain the highest standards of clarity and transparency in communications with shareholders.

The total remuneration package should comprise a base package which is both reasonable and market competitive. A significant component of executive remuneration should be an 'at risk' incentive award which provides an opportunity for the executive to receive superior remuneration when superior results are delivered.

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

The at risk incentives should provide both short term benefits (to promote continuous increases in annual performance outcomes) and long term benefits (to promote sustained delivery of long term shareholder wealth).

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

Fixed annual remuneration

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

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

Benchmarking of executive remuneration is against executive remuneration practices for executive roles having similar scope, accountability and complexity to those being reviewed. Positions may be benchmarked against:

- other positions within the Company so that internal relativities are maintained; and/or
- roles situated in companies listed on the Australian Stock Exchange with market capitalisations similar to that of the Company's and/or within an industry sector in which the Company has operations.

Short term incentive remuneration

The Company operates a short term bonus scheme to provide competitive performance based remuneration incentives to both executives and staff. Its objectives are to:

- align the interests of the executives and staff with those of shareholders;
- provide participants with an opportunity to be rewarded with at risk remuneration where superior performance outcomes are achieved over the measurement period; and
- reflect a strong commitment towards attracting and retaining high performing executives and staff who are committed to the ongoing success of the Company.

Performance objectives are established for all executives and structured to reflect each executive's potential impact on and contribution to the business. The performance objectives comprise elements of total company performance and individual performance and contain measures of financial, non-financial and strategic outcomes. Achievement of performance objectives would entitle an executive to a cash bonus.

Generally, bonus arrangements are capped at a maximum of 50% of Base, however when exceptional outcomes are delivered, or where warranted by special circumstances, it can exceed this amount.

All executive bonus amounts are determined based on the recommendation of the Managing Director, having regard to actual performance against the performance objectives. These recommendations are then put to the Nomination and Remuneration Committee for approval. In the Managing Director's case, the review and recommendation is performed by the Nomination and Remuneration Committee, with recommendations put to the Board for approval (where the Managing Director does not vote).

Under the short term remuneration arrangements outlined above, the following bonuses for executive directors and executives were accrued during the year and paid in December 2011.

	MAXIMUM THAT COULD BE EARNED	% ACHIEVED	% NOT ACHIEVED
	% OF BASE	**% OF BASE (b)**	**% OF BASE**
Mr A Walsh	50	43	7
Mr S Bland	50	44	6
Mr J Davies (a)	–	34	–
Mr P Ferguson	30	19	11
Ms K Gross (a)	–	44	–
Mr D Walker (a)	–	45	–

(a) While not stipulated in their employment contracts, practice has been to adopt a bonus as a percentage of base salary cap of 50% except where there are special circumstances.

(b) Based on annualised monthly salary as at 31 December 2011.

For its Australian executives the Company makes superannuation contributions on bonus payments at the statutory rate or salary payments in lieu of superannuation, which is not included in the above bonus percentages.

Longer term incentive remuneration

The Company currently operates the following long term incentive plans (the details of which are set out in Notes 36 to 38 of the financial statements):

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

(collectively 'share rights').

The decision to make an award of share rights is made periodically by the Board (usually annually). Individual participation is based on a number of factors including the strategic significance of the role and outcomes achieved; capacity to impact on strategic outcomes in terms of special achievements or requirements; future potential and succession planning requirements; and personal performance. Hedging of unvested share rights is prohibited.

Grants of performance rights under the Employee Performance Rights Plan have been made in May each year since the plan was first introduced in 2003. Performance Rights vest, subject to meeting performance criteria (outlined below) at the end of the three years.

The Employee Deferred Share Plan was introduced in April 2008. Deferred shares vest at the end of two years (or other periods specified in the offer).

The Employee Deferred Share Rights plan was introduced in April 2008. Deferred shares vest at the end of two years (or other periods specified in the offer).

The Peter Dunai Performance Rights Plan was introduced in May 2005, with the final rights granted under this plan vesting in 2010. References to this plan are included in the 2011 Annual Report only when dealing with comparative periods. For summary details on this plan refer to Note 37 of the 2010 Annual Report.

Following the introduction of the Deferred Share Plan and the Deferred Share Rights Plan, directors have indicated that it is their intention to largely limit future grants of performance rights to the managing director and executives.

Performance criteria - Performance Rights

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

The peer group of companies comprises the top 200 companies listed in the ASX/S&P 200 companies after excluding mining companies and listed property trusts. A peer company must have been in the ASX/S&P 200 companies for the entire performance period (i.e. new entrants and companies dropping out of the ASX/S&P 200 companies are excluded).

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

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

Performance under share based incentive plans

The table below summarises the various share rights granted to Mr Peter Dunai, and the performance of the Company, as measured under the applicable plans rules. There were no new grants of share rights to Mr Dunai in 2011.

GRANT DATE	19 AUGUST 2008
Number of share rights granted	200,000
Applicable plan rules	Employee Performance Rights Plan
Total share rights cancelled	–
Fair value estimate at grant date (a)	$3.69
1st performance ranking date	
Date	19 August 2011
Percentile ranking	Top quartile
Vested	200,000
Total vested and exercised	200,000
Total valid outstanding	–
Percentage vested	100%

(a) The value of performance rights at grant date set out in the tables above is based on the external valuation advice from PricewaterhouseCoopers Securities Limited. The valuation has been made using a Monte Carlo simulation option pricing model using standard option pricing inputs such as the underlying stock price, exercise price, expected dividends, expected risk free rates and expected share price volatility (refer Note 35) as well as adjusting for the likelihood of achieving performance hurdles.

The table below summarises the various share rights granted to Mr Andrew Walsh, and the performance of the Company, as measured under the applicable plans rules.

GRANT DATE	7 MAY 2008	7 MAY 2009	7 MAY 2009	7 MAY 2010	7 MAY 2010	9 MAY 2011	9 MAY 2011	9 MAY 2011 (d)
Number of share rights granted	56,000	100,000	25,000	125,000	29,000	150,000	30,000	150,000
Applicable plan rules (a)	EPRP	EPRP	DSP	EPRP	DSP	EPRP	DSP	EPRP
Total share rights cancelled	–	–	–	–	–	–	–	–
Fair value estimate at grant date (b)	$3.85	$3.90	$6.52	$5.68	$8.34	$5.87	$9.23	$5.79
Performance ranking date								
Date	7 May 2011	7 May 2012	9 May 2011	7 May 2013	7 May 2012	7 May 2015	7 May 2013	7 May 2015
Percentile ranking	Top quartile	–	Top quartile	–	–	–	–	–
Vested	56,000	–	25,000	–	–	–	–	–
Total vested and exercised	56,000	–	25,000	–	–	–	–	–
Total valid outstanding (c)	–	100,000	–	125,000	29,000	150,000	30,000	150,000
Percentage vested	100%	–	100%	–	–	–	–	–

(a) EPRP denotes Employee Performance Rights Plan, DSP denotes Deferred Share Plan.

(b) Refer Note (a) on page 23.

(c) The quantum of performance rights ultimately vesting in the Managing Director is a function of the performance of the Company relative to its peer group.

(d) This series of performance rights has a three year measurement period commencing 7 May 2012.

The table below summarises the various performance rights granted to executives and staff, and the performance of the Company, as measured under the applicable plans rules.

GRANT DATE	7 MAY 2008	7 MAY 2009	7 MAY 2010	9 MAY 2011
Performance rights granted	235,000	199,000	252,650	267,640
Number of participants at grant date	7	6	13	13
Number of current participants	7	6	13	13
Total performance rights cancelled	–	–	–	–
Fair value estimate at grant date (a)	$3.85	$3.90	$5.68	$5.96
Performance ranking date	7 May 2011	7 May 2012	7 May 2013	7 May 2014
Ranking	Top quartile	–	–	–
Vested	235,000	–	–	–
Total vested and exercised	215,000	–	–	–
Total vested and not exercised	20,000	–	–	–
Total valid outstanding (b)	–	199,000	252,650	267,640
Percentage vested	100%	–	–	–

(a) Refer to note (a) on page 23.

(b) The quantum of performance rights ultimately vesting in executives and staff is a function of the performance of the Company relative to its peer group.

The table below summarises the various deferred shares granted to executives and staff and deferred share rights granted to staff.

RIGHT GRANTED	DEFERRED SHARES			DEFERRED SHARE RIGHTS		
Grant date	7 May 2009	7 May 2010	7 May 2011	7 May 2009	7 May 2010	7 May 2011
Number granted	553,720	540,230	554,000	94,320	71,280	70,750
Number of participants at grant date	168	220	244	18	17	20
Current number of participants	–	199	239	–	17	19
Total share rights cancelled	26,852	26,240	7,840	1,000	–	940
Fair value at grant date	$6.52	$8.34	$9.23	$6.00	$7.67	$8.49
Performance ranking date	9 May 2011	7 May 2012	7 May 2013	9 May 2011	7 May 2012	7 May 2013
Vested	526,868	1,980	–	93,320	–	–
Total vested and exercised	526,868	1,980	–	26,100	–	–
Total vested and not exercised	–	–	–	67,220	–	–
Total valid outstanding	–	512,010	546,160	–	71,280	69,810
Percentage vested	100%	–	–	100%	–	–

SPECIFIC REMUNERATION DETAILS

The following table discloses the remuneration of the Directors of the Company for the year ended 31 December 2011.

	SHORT TERM EMPLOYMENT BENEFITS			POST EMPLOYMENT (a)	SHARE BASED PAYMENTS	
	SALARY & FEES $	**BONUS $**	**NON-MONETARY $**	**SUPER-ANNUATION $**	**EQUITY SETTLED SHARE RIGHTS $ (b)**	**TOTAL $**
EXECUTIVE DIRECTOR						
Mr A Walsh	782,500	350,000	–	25,000	913,010	2,070,510
NON-EXECUTIVE DIRECTORS						
Mr P Dunai	150,000	–	–	13,500	155,688	319,188
Mr J Killen (c)	35,312	–	–	3,178	–	38,490
Mr B Burdett	73,394	–	–	6,606	–	80,000
Ms J Seabrook	84,748	–	–	7,627	–	92,375
Mr J Cameron	73,394	–	–	6,606	–	80,000
Mr J Hayes (d)	47,263	–	–	4,254	–	51,517

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

(b) This expense is a function of both the value and duration of the instruments granted. The expense recognised in 2011 represents a combination of share grants made in 2011 and prior years.

(c) Retired 5 May 2011.

(d) Appointed 10 June 2011.

The following table discloses the remuneration of the Directors of the Company for the year ended 31 December 2010.

	SHORT TERM EMPLOYMENT BENEFITS			POST EMPLOYMENT (a)	SHARE BASED PAYMENTS	
	SALARY & FEES $	**BONUS $**	**NON-MONETARY $**	**SUPER-ANNUATION $**	**EQUITY SETTLED SHARE RIGHTS $ (b)**	**TOTAL $**
EXECUTIVE DIRECTOR						
Mr A Walsh	681,250	350,000	–	25,000	569,311	1,625,561
NON-EXECUTIVE DIRECTORS						
Mr N Hamilton (c)	46,816	–	–	4,213	–	51,029
Mr P Dunai (d)	179,422	–	471	6,750	499,159	685,802
Mr J Killen	78,375	–	–	7,054	–	85,429
Mr B Burdett	67,875	–	–	6,109	–	73,984
Ms J Seabrook	74,767	–	–	6,729	–	81,496
Mr J Cameron (e)	54,300	–	–	4,887	–	59,187

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

(b) This expense is a function of both the value and duration of the instruments granted. The expense recognised in 2010 represents a combination of share grants made in 2010 and prior years.

(c) Retired 5 May 2010.

(d) Excludes $112,939 in accrued leave entitlements paid to Mr Dunai following his transition to Chairman.

(e) Appointed 15 March 2010.

The following table discloses the remuneration of the five executives of the Company and the Consolidated Entity (other than the Managing Director) for the year ended 31 December 2011.

	SHORT TERM EMPLOYMENT BENEFITS			POST EMPLOYMENT (a)	SHARE BASED PAYMENTS	
	SALARY & FEES $	**BONUS $**	**NON-MONETARY $**	**SUPER-ANNUATION $**	**EQUITY SETTLED SHARE RIGHTS $ (b)**	**TOTAL $**
Mr S Bland	350,315	162,000	1,523	25,000	268,066	806,904
Mr J Davies (c)	386,107	132,217	9,509	2,925	168,245	699,003
Mr P Ferguson (d)	127,385	45,000	–	15,515	–	187,900
Ms K Gross	296,385	155,000	1,321	28,585	240,446	721,737
Mr D Walker	365,393	170,000	1,523	25,000	264,596	826,512

(a) There were no prescribed or other benefits paid to executives during the year.

(b) This expense is a function of both the value and duration of the instruments granted. The expense recognised in 2011 represents a combination of share grants made in 2011 and prior years.

(c) Where applicable remuneration details have been converted to Australian dollars at the weighted average exchange rate.

(d) This figure reflects the total remuneration received by Mr Ferguson since joining the company on 21 June 2011.

The following table discloses the remuneration of the seven executives of the Company and the Consolidated Entity (other than the Managing Director) for the year ended 31 December 2010.

	SHORT TERM EMPLOYMENT BENEFITS			POST EMPLOYMENT (a)	SHARE BASED PAYMENTS	
	SALARY & FEES $	**BONUS $**	**NON-MONETARY $**	**SUPER-ANNUATION $**	**EQUITY SETTLED SHARE RIGHTS $ (b)**	**TOTAL $**
Mr S Bland	326,161	133,000	1,455	25,259	273,225	759,100
Mr J Davies (c)	360,964	127,483	8,237	2,749	168,514	667,947
Ms K Gross	246,880	114,000	1,164	26,962	227,311	616,317
Mr A Rudy	220,740	83,000	1,455	26,962	170,587	502,744
Mr J Rudy	210,940	85,000	1,455	26,635	181,689	505,719
Mr D Walker	321,230	132,000	1,455	26,380	260,177	741,242
Ms T Vigilante	271,717	88,000	–	26,380	109,023	495,120

(a) There were no prescribed or other benefits paid to executives during the year.

(b) This expense is a function of both the value and duration of the instruments granted. The expense recognised in 2010 represents a combination of share grants made in 2010 and prior years.

(c) Where applicable, Mr Davies' remuneration details have been converted to Australian dollars at the weighted average exchange rate.

Share rights granted, exercised or lapsed in favour of the Managing Director and executives or a related body corporate of theirs during the financial year ended 31 December 2011 were as follows.

	% OF REMUNERATION CONSISTING OF SHARE BASED CONSIDERATION (a)	VALUE OF SHARE BASED CONSIDERATION GRANTED DURING THE YEAR AT GRANT DATE $ (b)	VALUE OF SHARE BASED CONSIDERATION EXERCISED DURING THE YEAR $ (c)	VALUE OF SHARE BASED CONSIDERATION AT LAPSE DATE, WHERE LAPSED DURING THE YEAR $
DIRECTORS				
Mr P Dunai	(d)	–	738,000	–
Mr A Walsh	44	2,025,900	378,600	–
EXECUTIVES				
Mr S Bland	33	279,975	261,860	–
Mr J Davies	24	176,948	155,000	–
Mr P Ferguson	–	–	–	–
Ms K Gross	33	262,925	202,030	–
Mr D Walker	32	289,928	239,940	–

(a) This figure is calculated on the value of share rights included in remuneration for the year ended 31 December 2011 as a percentage of the total value of all remuneration received in that same year.

(b) External valuation advice from PricewaterhouseCoopers Securities Limited has been used to determine the value of the performance rights. The valuation has been made using a Monte Carlo simulation option pricing model using standard option pricing inputs such as the underlying stock price, exercise price, expected dividends, expected risk free interest rates and expected share price volatility. In addition, the likely achievement of performance hurdles of the share rights have been taken into account.

(c) Figures in this column are calculated by multiplying the number of share rights exercised by directors and executives during the year by the share price prevailing on the date share rights were exercised, notwithstanding that the underlying shares may not be beneficially held by the respective director or executive as the shares may not have been withdrawn from the IRESS Employee Share Trust.

(d) Share grants vesting in Mr Dunai primarily pertain to his prior role as Managing Director. In this light it would be inconsistent to include an assessment of grants vesting in the current year relative to his current fees as a Director.

Share Rights granted, exercised or lapsed in favour of the Managing Director and executives or a related body corporate of theirs during the financial year ended 31 December 2010 were as follows.

	% OF REMUNERATION CONSISTING OF SHARE BASED CONSIDERATION (a)	VALUE OF SHARE BASED CONSIDERATION GRANTED DURING THE YEAR AT GRANT DATE $ (b)	VALUE OF SHARE BASED CONSIDERATION EXERCISED DURING THE YEAR $ (c)	VALUE OF SHARE BASED CONSIDERATION AT LAPSE DATE, WHERE LAPSED DURING THE YEAR $
DIRECTORS				
Mr P Dunai	(d)	–	5,499,188	–
Mr A Walsh	35	951,860	591,723	–
EXECUTIVES				
Mr S Bland	36	264,984	511,993	–
Mr J Davies	25	188,702	–	–
Ms K Gross	37	246,658	401,237	–
Mr A Rudy	34	164,982	361,956	–
Mr J Rudy	36	194,978	357,786	–
Mr D Walker	35	269,988	503,653	–
Ms T Vigilante	22	159,989	227,515	–

(a) This figure is calculated on the value of share rights included in remuneration for the year ended 31 December 2010 as a percentage of the total value of all remuneration received in that same year.

(b) External valuation advice from PricewaterhouseCoopers Securities Limited has been used to determine the value of the performance rights. The valuation has been made using a Monte Carlo simulation option pricing model using standard option pricing inputs such as the underlying stock price, exercise price, expected dividends, expected risk free interest rates and expected share price volatility. In addition, the likely achievement of performance hurdles of the share rights have been taken into account.

(c) Figures in this column are calculated by multiplying the number of share rights exercised by directors and executives during the year by the share price prevailing on the date share rights were exercised, notwithstanding that the underlying shares may not be beneficially held by the respective director or executive as the shares may not have been withdrawn from the IRESS Employee Share Trust.

(d) Share grants vesting in Mr Dunai primarily pertain to his prior role as Managing Director. In this light it would be inconsistent to include an assessment of grants vesting in the current year relative to his current fees as a Director.

OUTLINE OF EMPLOYMENT CONTRACTS FOR THE MANAGING DIRECTOR AND EXECUTIVES

Contractual terms for most executives are similar but do vary on occasions. Details of the general contractual terms for executives (Mr S Bland, Mr J Davies, Ms K Gross, Mr P Ferguson and Mr D Walker) are as follows.

CRITERION	PARTICULARS
Length of contract	Open ended
Notice period	Not less than 3 months (a)
Fixed remuneration	The fixed remuneration component consists of salary, statutory employer superannuation or retirement scheme contributions and benefits (comprising health insurance). Any fringe benefit tax liability in respect to benefits is borne by the employing entity. (b)
Incentive arrangements	Eligible to participate in the employing entity's short term incentive arrangements. Eligible to participate in the Company's long term incentive arrangements.
Resignation	Employment may be terminated by giving written notice of same for the period specified in the Notice Period of the contract. If resignation occurs during the year, then there is no entitlement to any bonus or long term incentives which have not vested, unless otherwise determined by the Board.
Retirement	There are no financial entitlements due from the employing entity on the retirement of an executive. Directors do have a discretion to make ex-gratia payments, for example if retirement were to occur during the year, then directors may elect to make a pro-rata award under any applicable bonus or incentive plan, based on performance up to the date of retirement.
Termination on notice by the employing entity	The employing entity may terminate the employment agreement by providing written notice of same for the period specified in the Notice Period of the contract, or payment in lieu of the notice period. If termination occurs during the year then a pro-rata award will be made for any applicable bonus or incentive plan, based on performance up to the date of termination.
Redundancy	If the employing entity terminates employment for reasons of bona fide redundancy, a severance payment will be made. The quantum will be at the Board's discretion taking account of such matters as statutory requirements, the executive's contribution, position and length of service. If redundancy occurs during the year then a pro-rata award will be made for any applicable bonus or incentive plan, based on performance up to the date of termination.
Income protection insurance	The Company currently has Income Protection Insurance cover for all Australian domiciled staff covering the period from 2 years after the applicable incident until that staff member turns 65. Australian domiciled executives are included in this policy.
Termination for serious misconduct	The employing entity may terminate the employment agreement at any time without notice and the executive will only be entitled to accrued leave entitlements.
Termination and share grants	Depending on the circumstances, directors may choose to exercise their discretion in relation to share grants. Any such discretion would be assessed on a case by case basis.

(a) Mr Davies has a six week notice period

(b) In November 2011, Mr Bland moved to six weeks annual leave entitlement

Details of the contractual terms for the Managing Director are broadly the same as set out for executives in the above table. Key points of difference are as follows.

CRITERION	PARTICULARS
Length of contract	Open ended.
Position	Managing Director.
Notice period	Not less than six months.
Incentive arrangements	Eligible to participate in the company's short term incentive arrangements. Eligible to participate in the Employee Performance Rights Plan, Employee Deferred Share Plan, Employee Deferred Share Rights Plan or any replacement or supplementary plan.
Restraint	A restraint arrangement exists during Mr Walsh's employment and for a period of six months post his employment.
Termination and share grants	Depending on the circumstances, directors may choose to exercise their discretion in relation to share grants. Any such discretion would be assessed on a case by case basis.

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

On behalf of the Directors

Mr A Walsh

Managing Director

MELBOURNE, 22 February 2012

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The Board of Directors
IRESS Market Technology Limited
Level 18, 385 Bourke St
MELBOURNE VIC 3000

22 February 2012

Dear Board Members

Independence Declaration: IRESS Market Technology 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 Market Technology Limited.

As lead audit partner for the audit of the financial statements of IRESS Market Technology Limited for the financial year ended 31 December 2011, 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

Sneza Pelusi
Partner
Chartered Accountants

CORPORATE GOVERNANCE

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

PRINCIPLE	DESCRIPTION	CORPORATE GOVERNANCE STATEMENT REFERENCE	STATUS
Principle 1	**Lay solid foundations for management and oversight** Companies should establish and disclose the roles and responsibilities of board and management.		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	1 Board Charter	Comply
1.2	Companies should disclose the process for evaluating the performance of senior executives.	1.2	Comply
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	4, 5 & Directors' Biographies & Directors' Report	Comply
Principle 2	**Structure the board to add value** Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.		
2.1	A majority of the board should be independent directors.	4.3	Comply
2.2	The chair should be an independent director.	4.3, 4.4, 4.5, Lead Independent Director Charter	Not comply
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	4.3	Comply
2.4	The board should establish a nomination committee.	9.1, Nomination & Remuneration Committee Charter	Comply
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	11.1	Comply
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	4.1, 4.2, 4.3 & Directors' Biographies & Directors' Report	Comply

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

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

PRINCIPLE	DESCRIPTION	CORPORATE GOVERNANCE STATEMENT REFERENCE	STATUS
Principle 8	**Remunerate fairly and responsibly** Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.		
8.1	The board should establish a remuneration committee.	9.1, 11, Nomination and Remuneration Committee Charter	Comply
8.2	The remuneration committee should be structured so that it: · consists of a majority of independent directors; · is chaired by an independent director; and · has at least three members.	11.4, 11.5, 11.6 Lead Independent Director Charter	Comply
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	7, Directors' Report	Comply
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	7, 9, 11 & Directors' Report	Comply

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

IRESS' Board works under a set of well–established corporate governance policies that reinforce the responsibilities of all directors in accordance with the requirements of the Corporations Act 2001 and the Australian Stock Exchange (ASX). In addition, many of the governance elements are enshrined in the Company's Constitution. In addition, in December 2011 the Board adopted a revised Board Charter, which is intended to supplement the description of the Board's responsibilities as set forth in the Constitution.

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

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

1 BOARD RESPONSIBILITIES

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

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

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

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

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

2 ETHICAL STANDARDS AND DIVERSITY

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

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

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

2.3 No director, officer, executive or manager of the Company has authority to violate any law or to direct another employee or any other person to violate any law on behalf of the Company.

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

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

2.6 The Company has a broad and diverse employee base across several international jurisdictions. The Board informally monitors diversity but has not adopted a formal policy. The informal monitoring entails considering diversity under a broad definition, including gender diversity, across the Group not only at the Board and executive levels, but also across the general staff base. While the Board continues to observe no indicators of biases, or impediments to diversity, it does not intend to adopt a more formalised process.

2.7 As at 31 December 2011 approximately 33% of the aggregate employment base of the Company were women, and comprised 1 director (out of a total of 6), 2 senior managers (out of a total of 14) and 215 staff (out of a total of 641). The Board believes that these statistics suggest that its approach of informally monitoring gender diversity has produced satisfactory results.

3 RISK MANAGEMENT

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

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

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

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

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

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

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

- their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board;
- the Company's risk management and internal compliance and control system is operating effectively in all material respects.

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

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

4 BOARD COMPOSITION

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

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

4.3 The Company currently has six directors, one of whom is an Executive Director (the Managing Director). The remaining five directors are non–executive. With the exception of the Chairman, all non-executive directors are 'independent'.

4.4 The Board notes that the ASX Corporate Governance Council's recommendations include a recommendation that the Chairman be an independent director. As noted in 4.3 above, although he is Chairman of the Board, Mr Dunai is not an independent director.

4.5 The Board believes it is important that Mr Dunai remains actively engaged with the Company and that this requirement is best met by him holding the position of Chairman. The Board is also of the view it is capable of making, and does make, independent decisions with regard to the best interests of the Company notwithstanding that the Chairman is not independent. As an additional measure, Ms Seabrook holds the position of Lead Independent Director, with a clear charter to act as a point of reference and coordination where there is, or it is perceived there may be, a conflict for the Chair (refer item 8 of this Corporate Governance Statement).

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

5 BOARD ACCESS TO INFORMATION AND INDEPENDENT ADVICE

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

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

6 APPOINTMENT TERM AND OTHER DIRECTORSHIPS

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

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

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

7 REMUNERATION

7.1 Non–executive directors are paid an annual fee within a fixed amount approved for all non–executive directors by shareholders. The total aggregate annual amount approved for the Company is currently $600,000 per annum, which was set in 2010.

7.2 The Company does not pay retirement benefits to directors.

7.3 For information relating to the consolidated entity's remuneration practices, and details relating to directors' and executives' remuneration during the financial year, see the Audited Remuneration Report which starts on page 14, and is incorporated into this corporate governance statement by reference.

7.4 No additional fees were paid to directors for serving on sub–committees during the period. As members of management, executive directors, when appointed, do not receive any additional directors' fee.

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

7.6 Further details regarding the remuneration paid to directors and senior executives of the Company and the group are set out in the Directors' Report on pages 14 to 32.

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

7.8 The relevant interests of each director in the share capital of the Company at the date of this report, as notified to the ASX pursuant to the Listing Rules and section 205G of the Corporations Act 2001, are set out on page 18 in the Directors' Report.

8 CONFLICT OF INTEREST AND LEAD INDEPENDENT DIRECTOR

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

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

8.3 The role of the Lead Independent Director is to provide a point of reference and coordination where there is, or it is perceived there may be, a conflict for the Chair where the Chair is not an independent director.

9 BOARD COMMITTEES

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

9.2 The Board periodically reviews the Audit Committee and Nomination and Remuneration Committee Charters. The Audit Committee Charter was updated in October 2011.

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

10 ACCOUNTABILITY AND AUDIT

10.1 The members of the Audit Committee during the year were all non–executive directors and comprised:

- Mr J Killen (Chair) (retired 5 May 2011);
- Mr J Hayes (Chair) (appointed 10 June 2011)
- Mr B Burdett;
- Ms J Seabrook; and
- Mr J Cameron (retired from Audit Committee 5 May 2011).

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

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

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

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

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

11 NOMINATION AND REMUNERATION

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

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

11.3 The members of the Nomination and Remuneration Committee are:

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

12 CONTINUOUS DISCLOSURE

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

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

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

13 SECURITIES DEALINGS

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

The approved trading windows are for the four weeks after:

- one day following the announcement of the half-year and full year results (as the case may be); and
- one day following the holding of the annual general meeting.

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

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

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

13.5 At the end of 2010, pursuant to changes in the ASX listing rules, the Company announced its Securities Trading Policy applying to Key Management Personnel. This policy is broadly consistent with the internal policies on dealing in the Company's securities, albeit with some incremental restrictions and obligations on the non-director members in this group.

14 ADDITIONAL CORPORATE GOVERNANCE INFORMATION

14.1 The corporate governance section of the Company's website contains various material relating to corporate governance, including the Board Charter, Sub-committee Charters, Code of Ethics, Lead Independent Director Charter, Securities Trading Policy applying to Key Management Personnel and other information. The link to the corporate governance section of the Company's website is www.iress.com/en/company_profile/corporate_governance.html.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRESS MARKET TECHNOLOGY LTD

Deloitte.

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

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We have audited the accompanying financial report of IRESS Market Technology Limited, which comprises the Statement of Financial Position as at 31 December 2011, and the Statement of Comprehensive Income, Statement of Cash Flows and 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 48 to 109

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 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 TO THE MEMBERS OF IRESS MARKET TECHNOLOGY LTD

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 Market Technology Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

AUDITOR'S OPINION ON THE FINANCIAL REPORT

In our opinion:

(a) the financial report of IRESS Market Technology 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 2011 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 14 to 32 of the Directors' Report for the year ended 31 December 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report based on our audit conducted in accordance with Australian Auditing Standards.

AUDITOR'S OPINION

In our opinion the Remuneration Report of IRESS Market Technology Limited for the year ended 31 December 2011, complies with Section 300A of the Corporations Act 2001.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Sneza Pelusi

Partner

Chartered Accountants

MELBOURNE, 22 February 2012

DIRECTORS' DECLARATION

The directors declare that:

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

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

(c) in the directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and

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

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

On behalf of the Directors

Mr A Walsh

Managing Director

MELBOURNE, 22 February 2012

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTE	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000
Revenue from ordinary activities	2	204,758	179,585
Customer data fees		(21,885)	(20,170)
Communication and other technology expenses		(10,579)	(9,309)
Employee related expenses	3	(79,725)	(64,090)
Other expenses including administration expenses		(6,540)	(4,752)
Facilities rent		(3,188)	(2,489)
Bad and doubtful debts		(882)	722
Business acquisition and restructure expenses		(793)	(15)
Profit before depreciation, amortisation, interest and income tax expense	2	81,166	79,482
Depreciation and amortisation expense		(22,587)	(15,098)
Profit before interest and income tax expense		58,579	64,384
Interest revenue		1,795	3,488
Interest expense		(214)	(45)
Net interest	2	1,581	3,443
Profit before income tax expense		**60,160**	**67,827**
Income tax expense	4	(18,819)	(17,348)
Profit attributable to the members of the parent entity		**41,341**	**50,479**
Other comprehensive income		–	–
Exchange differences arising on translation of foreign operations		(5,754)	(342)
Total comprehensive income for the period		**35,587**	**50,137**
EARNINGS PER SHARE	5		
Basic earnings per share (cents per share)		32.644	40.335
Diluted earnings per share (cents per share)		32.589	40.016

Notes to the financial statements are included on pages 53 to 109.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	NOTE	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000
CURRENT ASSETS			
Cash and cash equivalent assets		48,925	99,063
Trade receivables	6	12,104	10,025
Other receivables	6	3,817	1,463
Current tax receivables	4	1,791	1,650
Other financial assets	7	668	280
Total current assets		**67,305**	**112,481**
NON–CURRENT ASSETS			
Plant and equipment	8	6,773	4,068
Computer software	9	39,369	16,175
Goodwill	10	40,137	31,234
Intangibles	10	4,707	1,540
Deferred tax assets	11	11,120	6,263
Other financial assets	12	46	50
Total non–current assets		**102,152**	**59,330**
Total assets		**169,457**	**171,811**
CURRENT LIABILITIES			
Trade payables	13	10,175	6,646
Other payables	13	6,025	6,614
Current tax payables	14	10,250	11,041
Provisions	15	3,927	2,910
Total current liabilities		**30,377**	**27,211**
NON–CURRENT LIABILITIES			
Provisions	16	9,802	5,554
Deferred tax liabilities	4	1,426	1,431
Total non–current liabilities		**11,228**	**6,985**
Total liabilities		**41,605**	**34,196**
Net assets		**127,852**	**137,615**
EQUITY			
Issued capital	17	75,898	75,898
Reserves	18	29,124	27,788
Retained earnings	19	22,830	33,929
Total equity		**127,852**	**137,615**

Notes to the financial statements are included on pages 53 to 109.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

	CONSOLIDATED				
	ISSUED CAPITAL $'000	RETAINED EARNINGS $'000	SHARE BASED PAYMENTS RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	TOTAL $'000
2011					
Opening balance	75,898	33,929	32,094	(4,306)	137,615
Profit for the year	–	41,341	–	–	41,341
Increase/(decrease) in translation reserve arising on translation of foreign operations	–	–	–	(5,754)	(5,754)
Total comprehensive income for the year	**–**	**41,341**	**–**	**(5,754)**	**35,587**
Issue of share capital	–	–	–	–	–
Cost of share-based payments	–	–	7,090	–	7,090
Equity dividends	–	(52,440)	–	–	(52,440)
Closing balance	**75,898**	**22,830**	**39,184**	**(10,060)**	**127,852**
2010					
Opening balance	75,898	27,093	25,194	(3,964)	124,221
Profit for the year	–	50,479	–	–	50,479
Increase/(decrease) in translation reserve arising on translation of foreign operations	–	–	–	(342)	(342)
Total comprehensive income for the year	**–**	**50,479**	**–**	**(342)**	**50,137**
Issue of share capital	–	–	–	–	–
Cost of share-based payments	–	–	6,900	–	6,900
Equity dividends	–	(43,643)	–	–	(43,643)
Closing balance	**75,898**	**33,929**	**32,094**	**(4,306)**	**137,615**

Notes to the financial statements are included on pages 53 to 109.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTE	CONSOLIDATED INFLOWS (OUTFLOWS) 2011 $'000	CONSOLIDATED INFLOWS (OUTFLOWS) 2010 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		218,584	192,313
Payments to suppliers		(62,513)	(50,080)
Payments to employees		(71,363)	(56,746)
Interest and bill discounts received		1,696	3,467
Interest paid		(214)	–
Income tax paid		(31,474)	(13,398)
Net cash provided by operating activities	22	**54,716**	**75,556**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(7,129)	(3,783)
Payment for software from Peresys	23	(39,335)	–
Payment for acquisition of subsidiaries	24	(3,412)	(1,799)
Proceeds from/(payment for) investment in listed companies		5	5
Proceeds from sale of plant and equipment		26	–
Dividends received		91	69
Net cash used in investing activities		**(49,754)**	**(5,508)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of equity securities		–	–
Dividends paid		(52,438)	(43,644)
Net cash used in financing activities		**(52,438)**	**(43,644)**
Net increase/(decrease) in cash held		**(47,476)**	**26,404**
Cash at the beginning of the financial year		99,063	73,225
Effects of exchange rate changes on the balance of cash held in foreign currencies		(2,662)	(566)
Cash at the end of the financial year		**48,925**	**99,063**

Notes to the financial statements are included on pages 53 to 109.

1 SUMMARY OF ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

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

The financial statements were authorised for issue by the directors on 22 February 2012.

BASIS OF PREPARATION

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

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

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

Judgments made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Cash and cash equivalents

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

(b) Employee benefits

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

Provisions made in respect of short term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

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

Contributions to defined contribution superannuation plans are expensed when incurred.

(c) Financial assets

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

Subsequent to initial recognition, investments in subsidiaries are measured at cost. Subsequent to initial recognition, investments in jointly controlled entities are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Loans and receivables

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

(d) Foreign currency

Foreign currency transactions

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

Exchange differences are recognised in profit or loss in the period in which they arise except that:

- exchange differences which relate to assets under construction for future productive use are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings; and
- 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

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

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

(e) Goods and services tax

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

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

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

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

(f) Goodwill

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

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

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

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

(g) Income tax

Current tax

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

Deferred tax

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

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

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

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

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

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

Current and deferred tax for the period

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

Tax consolidation

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian Taxation Law. IRESS Market Technology 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. Further information about the tax funding arrangement is detailed in Note 4. Where the tax contribution amount recognised by each member of the tax consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(h) Intangible assets

Intangible assets acquired in a business combination

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

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

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

- Computer software 1 year to 5 years
- Customer list 2 years to 3 years

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

(i) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

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

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

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

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

(j) Impairment of assets

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

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

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

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

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

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

(k) Leases

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

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

(l) Payables

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

(m) Principles of consolidation

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

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

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

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

(n) Plant and equipment

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

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

Useful life

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

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

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

(o) Provisions

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

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

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

Dividends

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

(p) 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 stage of completion of the contract. The stage of completion of the contract is determined by reference to the proportion of the term of the delivery of services that has expired.

Dividend and interest revenue

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

(q) Share based payments

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

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

The share based payments expense arising from the share rights plans (refer Notes 36 to 38) operated by IRESS, are considered equity settled share based payment transactions in which IRESS receives goods or services as consideration for equity instruments of IRESS.

(r) Computer software development expenditure

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

(s) Financial instruments issued

Debt and equity instruments

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

Transaction costs on the issue of equity instruments

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

Interest and dividends

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

(t) Adoption of new and revised Accounting Standards

In the current year the Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2011.

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

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

• AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9'	Applies to annual reporting periods beginning on or after 1 January 2013
• AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	Applies on a modified retrospective basis to annual reporting periods beginning on or after 1 January 2013
• AASB 10 'Consolidated Financial Statements'	Applies to annual reporting periods beginning on or after 1 January 2013
• AASB 11 'Joint Arrangements'	Applies to annual reporting periods beginning on or after 1 January 2013
• AASB 12 'Disclosure of Interests in Other Entities'	Applies to annual reporting periods beginning on or after 1 January 2013
• AASB 13 'Fair Value Measurement' and related AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	Applies to annual reporting periods beginning on or after 1 January 2013
• AASB 119 'Employee Benefits' (2011), AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119' (2011) and AASB 2011-11 'Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements'	Applies to annual reporting periods beginning on or after 1 January 2013
• AASB 127 'Separate Financial Statements' (2011)	Applies to annual reporting periods beginning on or after 1 January 2013
• AASB 128 'Investments in Associates and Joint Ventures' (2011)	Applies to annual reporting periods beginning on or after 1 January 2013
• AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements'	Applies to annual reporting periods beginning on or after 1 July 2013 but may be early adopted for annual reporting period beginning on or after 1 July 2009

• AASB 1054 'Australian Additional Disclosures', AASB 2011-1 'Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project' and AASB 2011-2 'Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements'	AASB 1054 - Applies to annual reporting periods beginning on or after 1 July 2011 AASB 2011-1 - Applies to annual reporting periods beginning on or after 1 July 2011 AASB 2011-2 - Applies to annual reporting periods beginning on or after 1 July 2013
• AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'	Applies to annual periods beginning on or after 1 July 2011
• AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets'	Applicable to annual periods beginning on or after 1 January 2012
• AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	Applicable to annual reporting periods beginning on or after 1 July 2013
• AASB 2011-6 'Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements'	Applies to annual reporting periods beginning on or after 1 July 2013
• AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	Applies to annual reporting periods beginning on or after 1 July 2013
• AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income'	Applicable to annual reporting periods beginning on or after 1 July 2012, with early adoption permitted

The Directors have not assessed the impact of the adoption of these Standards and Interpretations in future periods on the financial statements of the consolidated entity.

2 PROFIT BEFORE INCOME TAX EXPENSES

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

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000
REVENUE		
Sales revenue		
Rendering of services	204,526	179,811
Other revenue	232	(226)
	204,758	**179,585**
Interest revenue	1,795	3,488
Total revenues from ordinary activities	**206,553**	**183,073**
EXPENSES		
Net transfers to/(from) bad and doubtful debts provisions arising from		
Other entities	882	(722)
Depreciation of non–current assets		
Plant and equipment	2,931	3,798
Amortisation of non–current assets		
Computer software	18,018	11,034
Other intangibles	1,638	266
Operating lease rental expenses		
Minimum lease payments	4,277	3,555
Interest Expense (a)	214	45
Net foreign exchange (gain)/loss	575	321
Sales of assets in the ordinary course of business have given rise to the following (profits)/losses		
Plant and equipment	(6)	(3)

(a) Includes $0.207m (2010: nil) non-cash interest expense recognised on deferred consideration payable on the Peresys transaction.

	CONSOLIDATED	
	2011 $'000	2010 $'000

3 EMPLOYEE RELATED EXPENSES

Employee related expenses can be broken down as follows

	2011 $'000	2010 $'000
Total monetary based expense (a)	72,635	57,190
Share based payment expense (b)	7,090	6,900
Total employee related expense	**79,725**	**64,090**

(a) Total monetary based expense comprises salary and fees, bonuses, superannuation and other benefits. Contributions to superannuation and similar post employment arrangements amounted to $4.350m (2010: $3.468m) for the consolidated entity.

(b) Expense recognised in accordance with AASB 2 'Share Based Payment'. This expense is a function of both the value and duration of the instruments granted. The expense recognised in 2011 represents a combination of share grants made in 2011 and in prior years.

4 INCOME TAX

INCOME TAX RECOGNISED IN PROFIT OR LOSS

TAX EXPENSE COMPRISES

	2011 $'000	2010 $'000
Current tax expense/(income)	20,859	19,373
Adjustments recognised in the current year in relation to the current tax of prior years	(87)	119
Effect of changes in tax rates and laws	426	18
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	(3,033)	(1,969)
Effect of different tax rates	654	(193)
Total tax expense	**18,819**	**17,348**
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows.		
Profit from continuing operations	60,160	67,827
Income tax expense calculated at 30%	18,048	20,348
Non deductible expenses / non assessable income	978	767
Deductible share based payment expenses not previously recognised	(1,200)	(3,711)
Effect of different tax rates	654	(193)
Effect on deferred tax balances due to the change in income tax rate from 32% to 28.5% on our Canadian operations	425	18
Effect on deferred tax balances due to the change in income tax rate from 30% to 28% on our New Zealand operations	1	–
(Over)/under provision of income tax in previous year	(87)	119
Income tax expense	**18,819**	**17,348**

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

INCOME TAX RECOGNISED DIRECTLY IN EQUITY

During both the current and prior periods no current or deferred amounts were charged directly to equity.

CURRENT TAX ASSETS AND LIABILITIES

	CONSOLIDATED	
	2011 $'000	2010 $'000
CURRENT TAX ASSETS		
Tax refund receivable attributable to		
Entities in the tax-consolidated group	1,731	1,600
Other entities	60	50
	1,791	**1,650**
CURRENT TAX PAYABLES		
Income tax payable attributable to		
Parent entity	(6,740)	(9,617)
Other entities	(3,510)	(1,424)
	(10,250)	**(11,041)**
	(8,459)	**(9,391)**

DEFERRED TAX BALANCES

	2011 $'000	2010 $'000
DEFERRED TAX ASSETS COMPRISE		
Tax losses - revenue	4,379	2,530
Temporary differences	6,741	3,733
	11,120	**6,263**
DEFERRED TAX LIABILITIES COMPRISE		
Temporary differences	**(1,426)**	**(1,431)**

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

	CONSOLIDATED						
	OPENING BALANCE $000	CHARGED TO INCOME $000	CHARGED TO EQUITY $000	ACQUISITIONS /DISPOSALS $000	EXCHANGE DIFFERENCES $000	CHANGES IN TAX RATE $000	CLOSING BALANCE $000
2011							
GROSS DEFERRED TAX LIABILITIES							
Other financial assets	(1,392)	(1)	–	(27)	–	(1)	(1,421)
Sundry receivables	(39)	34	–	–	–	–	(5)
	(1,431)	**33**	**–**	**(27)**	**–**	**(1)**	**(1,426)**
GROSS DEFERRED TAX ASSETS							
Doubtful debts	320	(152)	–	17	–	(8)	177
Other financial assets	1,204	233	–	–	–	–	1,437
Plant and equipment	516	2,860	–	–	–	(90)	3,286
Payables	336	245	–	136	–	(131)	586
Provisions	944	109	–	89	–	(89)	1,053
Other liabilities	413	(295)	–	84	–	–	202
	3,733	**3,000**	**–**	**326**	**–**	**(318)**	**6,741**
2010							
GROSS DEFERRED TAX LIABILITIES							
Other financial assets	(3,080)	1,688	–	–	–	–	(1,392)
Sundry receivables	(33)	(6)	–	–	–	–	(39)
	(3,113)	**1,682**	**–**	**–**	**–**	**–**	**(1,431)**
GROSS DEFERRED TAX ASSETS							
Doubtful debts	494	(174)	–	–	–	–	320
Other financial assets	2,540	(1,336)	–	–	–	–	1,204
Plant and equipment	(1,442)	1,972	–	–	–	(14)	516
Payables	336	–	–	–	–	–	336
Provisions	1,284	(340)	–	–	–	–	944
Other liabilities	237	176	–	–	–	–	413
	3,449	**298**	**–**	**–**	**–**	**(14)**	**3,733**

UNRECOGNISED DEFERRED TAX BALANCES

There are no deferred tax assets which have not been brought to account as assets.

TAX CONSOLIDATION

(a) Relevance of Tax Consolidation to the Consolidated Entity

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 14 March 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is IRESS Market Technology Limited. The members of the tax-consolidated group are identified at Note 30. The tax consolidated group does not include the IRESS Market Technology Equity Plan Trust.

(b) Nature of Tax Funding Arrangements and Tax Sharing Agreements

Refer to accounting policy Note 1(g).

5 EARNINGS PER SHARE

	2011 CENTS PER SHARE	2010 CENTS PER SHARE
Basic earnings per share	32.644	40.335
Diluted earnings per share	32.589	40.016

BASIC EARNINGS PER SHARE

		2011 '000	2010 '000
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows.			
Earnings used in the calculation of basic earnings per share reconciles to profit attributable to the members of the parent entity in the statement of comprehensive income	$	41,341	50,479
Weighted average number of ordinary shares (a)	No.	126,642	125,148

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

DILUTED EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows.			
Earnings used in the calculation of diluted earnings per share reconciles to profit attributable to the members of the parent entity in the statement of comprehensive income	$	41,341	50,479
Weighted average number of ordinary shares (refer to footnote (a) above)	No.	126,856	126,147
Weighted average number of ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows.			
Weighted average number of ordinary shares used in the calculation of basic EPS	No.	126,642	125,148
Shares deemed to be issued for no consideration in respect of performance rights (i.e. the dilutive impact of performance rights in existence during the year that were exercisable at below the weighted average market price) (a)	No.	214,012	998,945
Weighted average number of converted, lapsed, or cancelled potential ordinary shares used in the calculation of diluted earnings per share	No.	–	–
Right to purchase ordinary shares pursuant to the employee share scheme	No.	–	–

(a) The dilutive impact of future vestings of granted performance rights has been derived assuming the relative ranking of IRESS to its peer group as measured at 31 December 2011 continues at that level through to the final vesting date for the applicable performance right.

6 CURRENT RECEIVABLES

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000
Trade receivables	12,731	10,883
Allowance for doubtful debts	(627)	(858)
	12,104	**10,025**
Sundry receivables and prepayments	3,817	1,463
	3,817	**1,463**
MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL DEBTS		
Opening balance	858	1,703
Additions	573	–
Provision acquired through business combination	62	–
Amounts written off as uncollectible	(866)	(94)
Provision reversed	–	(751)
Closing balance	**627**	**858**

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

An analysis of trade receivables as at 31 December 2011 showing receivables 'past due but not impaired' and receivables 'considered impaired' is as follows.

	CONSOLIDATED PDNI (a)		CONSOLIDATED CI (b)	
	2011 $	2010 $	2011 $	2010 $
0 – 30 days	8,430	7,117	144	137
31 – 60 days	2,390	1,721	10	76
61 – 90 days	761	482	41	14
91+ days	523	705	432	631
Total	**12,104**	**10,025**	**627**	**858**

(a) PDNI – past due not impaired.

(b) CI – considered impaired.

7 OTHER CURRENT FINANCIAL ASSETS

	CONSOLIDATED	
	2011 $'000	2010 $'000
Other assets	668	280

8 PLANT AND EQUIPMENT

CONSOLIDATED 2011

	LEASEHOLD IMPROVE-MENTS $'000	FURNITURE & FITTINGS $'000	COMPUTER EQUIPMENT $'000	OFFICE EQUIPMENT $'000	TOTAL $'000
GROSS CARRYING AMOUNT (COST)					
Balance at beginning of financial year	6,209	1,642	13,573	278	21,702
Additions	576	209	4,808	18	5,611
Additions through business combination	8	34	156	13	211
Net foreign currency exchange differences	(60)	(76)	(461)	(18)	(615)
Disposals	(83)	(108)	(905)	(31)	(1,127)
Balance at end of financial year	**6,650**	**1,701**	**17,171**	**260**	**25,782**
ACCUMULATED DEPRECIATION					
Balance at beginning of financial year	(5,574)	(1,497)	(10,376)	(187)	(17,634)
Disposals	82	104	899	30	1,115
Net foreign currency exchange differences	33	62	332	14	441
Depreciation expense	(324)	(121)	(2,430)	(56)	(2,931)
Balance at end of financial year	**(5,783)**	**(1,452)**	**(11,575)**	**(199)**	**(19,009)**
NET BOOK VALUE					
At 31 December 2011	867	249	5,596	61	6,773

CONSOLIDATED 2010

	LEASEHOLD IMPROVE-MENTS $'000	FURNITURE & FITTINGS $'000	COMPUTER EQUIPMENT $'000	OFFICE EQUIPMENT $'000	TOTAL $'000
GROSS CARRYING AMOUNT (COST)					
Balance at beginning of financial year	6,198	1,622	11,028	260	19,108
Additions	24	26	2,680	15	2,745
Additions through business combination	2	–	12	3	17
Net foreign currency exchange differences	(15)	(6)	(84)	–	(105)
Disposals	–	–	(63)	–	(63)
Balance at end of financial year	**6,209**	**1,642**	**13,573**	**278**	**21,702**
ACCUMULATED DEPRECIATION					
Balance at beginning of financial year	(4,173)	(1,100)	(8,574)	(117)	(13,964)
Disposals	–	–	60	–	60
Net foreign currency exchange differences	8	4	58	(2)	68
Depreciation expense	(1,409)	(401)	(1,920)	(68)	(3,798)
Balance at end of financial year	**(5,574)**	**(1,497)**	**(10,376)**	**(187)**	**(17,634)**
NET BOOK VALUE					
At 31 December 2010	635	145	3,197	91	4,068

	CONSOLIDATED	
	2011 $'000	2010 $'000
Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year.		
Leasehold improvements	324	1,409
Furniture and fittings	121	401
Computer equipment	2,430	1,920
Office equipment	56	68
	2,931	**3,798**

9 COMPUTER SOFTWARE

	CONSOLIDATED	
	2011 $'000	2010 $'000
GROSS CARRYING AMOUNT (COST)		
Balance at beginning of financial year	78,348	78,235
Additions (a)	41,052	1,748
Additions through business combination (Note 24)	64	158
Net foreign currency exchange differences	(587)	(128)
Adjustment – short term software licence (b)	(1,221)	(1,299)
Adjustment – fully written down software (c)	–	–
Disposals	(306)	(366)
Balance at end of financial year	**117,350**	**78,348**
ACCUMULATED AMORTISATION		
Balance at beginning of financial year	(62,173)	(52,932)
Adjustment – short term software licence (b)	1,221	1,299
Adjustment – fully written down software (c)	–	–
Disposals	305	366
Net foreign currency exchange differences	684	128
Amortisation expense	(18,018)	(11,034)
Balance at end of financial year	**(77,981)**	**(62,173)**
NET BOOK VALUE		
At 31 December	39,369	16,175
Aggregate amortisation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year	18,018	11,034

(a) Primarily made up of software acquired from Peresys (Proprietary) Limited for $39.335 (refer Note 23)

(b) Short-lived third party software licence written down.

(c) Computer software written off as part of a periodic review of fully written down assets

10 GOODWILL AND INTANGIBLES

GOODWILL GROSS CARRYING AMOUNT

	CONSOLIDATED	
	2011 $'000	2010 $'000
Balance at beginning of the financial year	31,234	29,722
Additional amounts recognised from business combinations occurring during the period	12,896	1,985
Purchase price adjustment	–	(292)
Effect of foreign currency exchange differences	(3,993)	(181)
Balance at end of financial year	**40,137**	**31,234**

There are no accumulated impairment losses.

ALLOCATION OF GOODWILL TO CASH GENERATING UNITS

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

In accordance with AASB136 'Impairment of Assets', impairment testing was completed as at 31 December 2011 and no impairment of goodwill was indicated.

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

	CONSOLIDATED	
	2011 $'000	2010 $'000
Financial Markets – Canada (a) (b)	8,155	8,680
Financial Markets – South Africa (a) (c)	10,493	–
Wealth Management – Australia & New Zealand (a)	15,179	15,179
Wealth Management – South Africa (a) (b)	4,403	5,390
Wealth Management – Asia (a) (b)	1,907	1,985
Balance at end of financial year	**40,137**	**31,234**

(a) refer Note 25 for a description of the operations of these cash generating units

(b) movement represents only net exchange rate differences arising during the period.

(c) refer Note 24 for a description on this business combination

IMPAIRMENT TESTING ASSUMPTIONS

The following assumptions were adopted in the assessment of indicators of impairment as at 31 December 2011 for each of the cash generating units; importantly these assumptions do not seek to represent directors' valuations of these businesses, and there is an inherent level of conservatism in the assumptions adopted:

- The recoverable amount of the cash generating unit has been determined based on a value in use calculation using monthly cash flow projections based on the budgets approved by management for the twelve months ending 31 December 2012, the monthly cashflows for the subsequent four years ('projection period'), and a terminal value at the end of the projection period.
- Zero revenue growth is assumed during the projection period.
- Wages, operating costs and depreciation (as a proxy for capital expenditure) are assumed to grow on a partially fixed, partially variable basis with revenue.
- A terminal annual growth factor of 2% is assumed.
- A discount rate of 15% has been assumed.
- Where applicable the exchange rate prevailing as at 31 December 2011 is assumed to continue.

For the Financial Markets – South Africa cash generating unit, the above assumptions were adopted, together with a notional charge to the cash generating unit for use of intellectual property (Software) formerly owned by Peresys (Pty) Ltd, and now owned by the ultimate parent entity.

For the Wealth Management – Asia cash generating unit, the above assumptions were adopted, together with a period of revenue growth during the projection period.

INTANGIBLES GROSS CARRYING AMOUNT

The movement in the intangibles balance represents the addition of intangibles resulting from a business combination (refer Note 24) and amortisation of these assets in accordance with their anticipated useful lives (refer Note 2).

	CONSOLIDATED	
	2011 $'000	**2010 $'000**
11 DEFERRED TAX ASSETS		
Temporary differences attributable to		
Parent entity	5,504	5,135
Entities in the tax consolidated group (Note 30)	1,344	(1,153)
Other entities (a)	(107)	(249)
Tax losses – other entities	4,379	2,530
	11,120	**6,263**

(a) Wholly owned subsidiaries that are not entities in the tax consolidated group.

12 OTHER NON-CURRENT FINANCIAL ASSETS

Investment in shares at fair value	46	50

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

	CONSOLIDATED	
	2011 $'000	2010 $'000

13 CURRENT PAYABLES

	2011 $'000	2010 $'000
Trade payables	10,175	6,646
	10,175	**6,646**
Sundry creditors and accruals	6,025	6,614
	6,025	**6,614**

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

14 CURRENT TAX PAYABLES

	2011 $'000	2010 $'000
Income tax payable attributable to		
Parent entity	6,740	9,617
Other entities	3,510	1,424
	10,250	**11,041**

15 CURRENT PROVISIONS

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000
Employee benefits (Note 26)	3,487	2,736
Dividends	41	39
Restructuring and termination costs	300	36
Provision for additional payment arising on the acquisition of subsidiaries	99	99
	3,927	**2,910**
DIVIDENDS		
Opening balance	39	40
Additional provisions recognised	52,440	43,643
Reductions arising from payments/other sacrifices of future economic benefits	(52,438)	(43,644)
Closing balance (a)	**41**	**39**
RESTRUCTURING AND TERMINATION COSTS		
Opening balance	36	145
Additional provisions recognised	264	–
Reductions arising from payments/other sacrifices of future economic benefits	–	(109)
Closing balance	**300**	**36**
PROVISION FOR ADDITIONAL PAYMENT ARISING ON THE ACQUISITION OF SUBSIDIARIES		
Opening balance	99	391
Reductions arising from payments/other sacrifices of future economic benefits	–	(292)
Closing balance	**99**	**99**

(a) The provision for dividends represents the aggregate amount of dividends declared, determined or publicly recommended on or before the reporting date, which remain undistributed at the reporting date, regardless of the extent to which they are expected to be paid in cash. At 31 December 2011, the balance represents unpresented dividend cheques.

16 NON-CURRENT PROVISIONS

	CONSOLIDATED	
	2011 $'000	2010 $'000
Employee benefits (Note 26)	3,891	2,175
Provision for third party software licence	3,379	3,379
Provision for additional payment arising on the acquisition of subsidiaries	2,532	–
	9,802	**5,554**

PROVISION FOR ADDITIONAL PAYMENT ARISING ON THE ACQUISITION OF SUBSIDIARIES

	2011 $'000	2010 $'000
Opening balance	–	–
Provision for additional payment arising on the acquisition of subsidiaries	3,872	–
Reductions arising from payments/other sacrifices of future economic benefits	(1,010)	–
Non-cash interest expense	207	–
Net foreign currency exchange difference	(537)	–
Closing balance	**2,532**	**–**

	CONSOLIDATED	
	2011 $'000	2010 $'000

17 ISSUED CAPITAL

ISSUED CAPITAL

	2011 $'000	2010 $'000
127,036,010 fully paid ordinary shares (2010: 126,018,142)	75,898	75,898

	2011		2010	
	NO. '000	$'000	NO. '000	$'000
FULLY PAID ORDINARY SHARE CAPITAL				
Balance at beginning of financial year	126,018	75,898	123,812	75,898
Issue of shares to IRESS Market Technology Equity Plan Trust ('Trust') pursuant to share plans (a)	1,018	–	2,206	–
Balance at end of financial year	**127,036**	**75,898**	**126,018**	**75,898**

(a) Additional issued capital arising from the issue of these shares in the years ended 31 December 2011 and 31 December 2010 amounted to $26 and $134 respectively.

PERFORMANCE RIGHTS

Performance rights have been granted to the Managing Director, executives and employees of the Consolidated Entity. These performance rights will vest over time subject to satisfying the criteria set out in the relevant performance rights plan rules. Once vested, the holder of the performance right is required to pay $1 per series to exercise the performance right (refer Notes 36 and 37).

Performance rights granted to Mr Peter Dunai vested in August 2011. Mr Dunai is currently Chairman but at the time of grant was Managing Director. In accordance with the plan rules Mr Dunai was required to pay $1 to exercise these performance rights.

Pursuant to performance rights granted in prior years which vested during the year, 334,548 shares (491,000 shares less 156,452 treasury shares) were subscribed for by the Trust.

DEFERRED SHARES

Pursuant to deferred shares granted to the Managing Director, executives and employees (refer Note 37) during the year which have not yet vested, 590,000 new shares were subscribed for by the Trust.

DEFERRED SHARE RIGHTS

Pursuant to deferred share rights granted in prior years which vested during the year, 93,320 shares were subscribed for by the Trust.

Following cancellations of share rights granted to employees, as at 31 December 2011, the Trust holds 23,200 treasury shares.

18 RESERVES

RESERVES COMPRISE

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000
Share based payments reserve	39,184	32,094
Foreign currency translation reserve	(10,060)	(4,306)
	29,124	**27,788**

MOVEMENTS IN SHARE BASED PAYMENTS RESERVES

	2011 $'000	2010 $'000
Balance at beginning of financial year	32,094	25,194
Share based payments expense	7,090	6,900
Balance at end of financial year	**39,184**	**32,094**

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

MOVEMENTS IN FOREIGN CURRENCY TRANSLATION RESERVES

	2011 $'000	2010 $'000
Balance at beginning of financial year	(4,306)	(3,964)
Translation of foreign operations	(5,754)	(342)
Balance at end of financial year	**(10,060)**	**(4,306)**

Exchange differences relating to foreign currency monetary items forming part of the net investment in a foreign operation, and the translation of foreign operations, are brought to account by entries made directly to the foreign currency translation reserve, as described in Note 1(d).

19 RETAINED EARNINGS

	2011 $'000	2010 $'000
Balance at beginning of financial year	33,929	27,093
Net profit attributable to members of the parent entity	41,341	50,479
Dividends provided for or paid	(52,440)	(43,643)
Balance at end of financial year	**22,830**	**33,929**

20 PARENT ENTITY DISCLOSURE

	COMPANY	
	2011 $'000	2010 $'000
FINANCIAL POSITION		
ASSETS		
Current assets	96,254	139,451
Non current assets	78,961	35,175
Total assets	**175,215**	**174,626**
LIABILITIES		
Current liabilities	15,691	20,298
Non current liabilities	10,485	7,592
Total liabilities	**26,176**	**27,890**
EQUITY		
Issued capital	75,898	75,898
Retained earnings	33,957	38,744
Share based payments reserve	39,184	32,094
Foreign currency translation reserve	–	–
Total Equity	**149,039**	**146,736**
FINANCIAL PERFORMANCE		
Profit for the year	35,204	44,511
Total comprehensive income	**35,204**	**44,511**

CONTINGENT LIABILITIES

The parent entity has given a letter of support to guarantee that the following wholly owned subsidiaries will meet their debts as and when they fall due. The total liabilities of the wholly owned subsidiaries (excluding amounts owed to the parent entity) are:

	2011 $'000	2010 $'000
IRESS Data Pty Ltd	–	–
IRESS Market Technology (NZ) Limited	242	1,201
IRESS Asia Holdings Ltd	–	–
IRESS Market Technology (Singapore) Pte Ltd	–	–
IRESS Technology Limited	–	–
	242	**1,201**

21 DIVIDENDS

	31 DECEMBER 2011		31 DECEMBER 2010	
	CENTS PER SHARE	TOTAL $'000	CENTS PER SHARE	TOTAL $'000
FULLY PAID ORDINARY SHARES				
Recognised amounts				
Interim dividend	14.0 (a)	17,785	14.0 (b)	17,642
Final dividend (b)	24.0 (c)	30,244	21.0 (d)	26,001
Special dividend unfranked	3.5	4,411	–	–
		52,440		**43,643**
Unrecognised amounts				
Final dividend	24.0 (e)	30,489	24.0 (c)	30,244
Special dividend unfranked	–	–	3.5	4,411
		30,489		**34,655**

(a) Franked to 90% at a 30% tax rate.

(b) Fully franked at a 30% tax rate.

(c) Franked to 66% at a 30% tax rate.

(d) This relates to the dividend paid based on the prior year's results. Where applicable, amounts provided have been amended to reflect the actual dividend paid.

(e) Franked to 83% at a 30% tax rate. The estimated value of the 2011 final dividend (that will be declared subsequent to 31 December 2011) has been calculated based on 127,036,010 ordinary shares, comprising shares on issue as at 31 December 2011.

	COMPANY	
	2011 $'000	2010 $'000
Adjusted franking account balance (a)	10,859	4,196

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

22 NOTES TO THE STATEMENT OF CASH FLOWS

	CONSOLIDATED	
	2011 $'000	2010 $'000

RECONCILIATION OF CASH

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

	2011 $'000	2010 $'000
Cash	**48,925**	**99,063**

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

	2011 $'000	2010 $'000
Profit for the period	41,341	50,479
(Profit)/loss on sale of non–current assets	(6)	(3)
Depreciation and amortisation of non–current assets	22,587	15,098
Doubtful debts expense	881	(722)
Net foreign exchange (gain) / loss	575	321
Equity settled share based payments	7,090	6,900
Increase/(decrease) in deferred tax balances	(4,862)	(1,971)
Changes in net assets and liabilities, net of effect of acquisitions		
(Increase)/decrease in assets		
current trade receivables	(4,424)	(2,549)
other current assets	(13,199)	(354)
Increase/(decrease) in liabilities		
current trade payables	2,940	2,132
other non–current liabilities	1,717	85
other provisions	1,017	134
current tax liability	(941)	6,006
Net cash from operating activities	**54,716**	**75,556**

SUBSIDIARIES ACQUIRED DURING THE YEAR

During the year, the consolidated entity acquired some subsidiaries (refer Note 24). The net outflow on acquisition was $3.412m.

23 ACQUISITION OF SOFTWARE

On 18 January 2011, IRESS Market Technology Limited acquired software from Peresys (Proprietary) Ltd. The software was acquired for ZAR 264.000m (AUD 39.335m), which is considered to be fair value.

24 ACQUISITION OF BUSINESSES

PERESYS (PROPRIETARY) LTD

On 20 January 2011, IRESS Market Technology Limited acquired 100% of Peresys (Proprietary) Ltd ('Peresys'). Peresys is a South African based technology solutions provider to the financial markets, specialising in building and running FIX enabled connected trading communities across all asset classes, including equities, fixed interest and derivatives.

Peresys was acquired for ZAR 66.209m (AUD 9.706m). The transaction included an upfront cash payment of ZAR 39.155m (AUD 5.834m), short term deferred consideration of ZAR 7.296m (AUD 1.044m) and performance based payments based around the growth of the business of up to ZAR 19.758m (AUD 2.828m), most of which is payable at the end of three years.

In addition, up to an additional ZAR 10.000m (AUD 1.464m) is available to certain staff, with payment based on performance of the business over three years.

Details on the assets and liabilities acquired are as follows.

FAIR VALUE OF NET ASSETS ACQUIRED	TOTAL FAIR VALUE RECOGNISED ON ACQUISITION $'000
CURRENT ASSETS	
Cash and cash equivalent assets	3,432
Receivables	1,337
NON-CURRENT ASSETS	
Plant and equipment	275
Customer list	5,659
Deferred tax assets	299
CURRENT LIABILITIES	
Payables	(2,270)
Current tax liabilities	(10,138)
Provisions	(318)
NON-CURRENT LIABILITIES	
Provisions	(1,466)
Fair value of identifiable assets acquired	**(3,190)**
Goodwill arising on acquisition	12,896
Purchase price	**9,706**

Other than for the customer list recognised, there were no fair value adjustments to the net book value of the assets acquired.

In its acquisition of Peresys, IRESS Market Technology Limited paid a premium to the fair value of the net assets acquired. Goodwill was recognised on this acquisition, as other possible classes of intangible assets did not meet the criteria for recognition as at the date of acquisition. Goodwill represents, amongst other things, the anticipated future earnings capacity of the assets acquired.

Since acquisition, Peresys has contributed revenue of AUD 15.320m to the Consolidated Entity. Had this business combination been effected at 1 January 2011, the revenue of the Consolidated Entity from continuing operations would have been AUD 205.149m, and the profit for the full year from continuing operations would have been AUD 41.470m.

In determining the 'pro-forma' revenue and profit of the Consolidated Entity had Peresys been acquired at the beginning of the current reporting period, the directors have evenly apportioned the revenue and profit of Peresys over this period on the basis of there being no abnormal items within those results.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Notwithstanding the funding support letter described below, the Directors are of the opinion that there is no change to the Consolidated Entity's contingent liabilities or capital commitments arising from the Peresys acquisition.

As part of the transaction documents a Funding Support Letter was required to indemnify the former Peresys directors. The document requires the consolidated entity to meet certain future obligations of Peresys crystallised in the transaction.

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

	TOTAL COST OF ACQUISITION $'000
Total consideration	9,706
Provision for second payment (a)	(2,862)
Cash paid	**6,844**
Cash and cash equivalent balances acquired	(3,432)
Net cash flow on acquisition date	**3,412**

(a) Includes $0.537m foreign currency movement and $0.207 non-cash interest expense.

25 SEGMENT INFORMATION

The consolidated entity operates in two areas – Financial Markets and Wealth Management. Any transactions directly between segments are charged on an arm's length basis.

FINANCIAL MARKET SERVICES

The consolidated entity's financial market services division provides information, trading, compliance, order management, portfolio systems and related tools to cash equity participants in Australia, New Zealand, Canada and Asia. During the period the consolidated entity, through the acquisition of Peresys (refer Note 24), commenced operations in South Africa.

On 20 January 2011, IRESS Market Technology Limited acquired Peresys (Pty) Ltd ('Peresys') and its subsidiaries. Peresys provides technology solutions to the financial markets in South Africa.

WEALTH MANAGEMENT SERVICES

In this division the consolidated entity provides financial planning systems and related tools to wealth management professionals located in Australia, New Zealand, South Africa and Asia. In addition this segment recently established operations in the United Kingdom.

SEGMENT REVENUES

	EXTERNAL SALES		TOTAL	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
FINANCIAL MARKETS				
Australia & New Zealand	108,919	104,538	108,919	104,538
Canada	23,954	23,488	23,954	23,488
South Africa	15,320	–	15,320	–
Asia	1,061	613	1,061	613
Total financial markets	**149,254**	**128,639**	**149,254**	**128,639**
WEALTH MANAGEMENT				
Australia & New Zealand	49,122	43,783	49,122	43,783
South Africa	5,991	7,072	5,991	7,072
Asia	159	317	159	317
United Kingdom	–	–	–	–
Total wealth management	**55,272**	**51,172**	**55,272**	**51,172**
Total of all segments	**204,526**	**179,811**	**204,526**	**179,811**
Interest revenue			1,795	3,488
Eliminations			–	–
Unallocated			232	(226)
Consolidated			**206,553**	**183,073**

SEGMENT PROFITS

	2011 $'000	2010 $'000
FINANCIAL MARKETS		
Australia & New Zealand	56,289	58,904
Canada	8,197	7,843
South Africa	5,543	–
Asia	(1,454)	(586)
Total financial markets	**68,575**	**66,161**
WEALTH MANAGEMENT		
Australia & New Zealand	20,289	18,636
South Africa	1,689	2,468
Asia	(1,320)	(1,121)
United Kingdom	(119)	–
Total wealth management services	**20,539**	**19,983**
Total of all segments	**89,114**	**86,144**
Share based payment expense (Refer Note 3 (b))	(7,090)	(6,900)
Other contribution	(858)	239
Earnings before interest, taxes, depreciation and amortisation	**81,166**	**79,483**
Depreciation and amortisation expense	(22,587)	(15,098)
Interest (a)	1,581	3,442
Profit before income tax expense	**60,160**	**67,827**
Income tax expense	(18,819)	(17,348)
Profit attributable to the members of the parent entity	**41,341**	**50,479**

(a) Includes $0.207m (2010: nil) non-cash interest expense recognised on deferred consideration payable on the Peresys transaction, and other sundry contribution of $0.006m (2010: $0.003m).

SEGMENT ASSETS AND INFORMATION

	2011 $'000			2010 $'000		
	CASH	RECEIVABLES	PAYABLES	CASH	RECEIVABLES	PAYABLES
Australia & New Zealand	38,113	9,031	(8,745)	90,868	7,329	(5,367)
Canada	1,817	1,738	(901)	1,275	1,906	(993)
South Africa	8,729	1,312	(474)	6,771	552	(246)
Asia	266	23	(55)	149	238	(40)
United Kingdom	–	–	–	–	–	–
Total consolidated	**48,925**	**12,104**	**(10,175)**	**99,063**	**10,025**	**(6,646)**

OTHER SEGMENT INFORMATION

	CONSOLIDATED	
	2011 $'000	2010 $'000
DEPRECIATION & AMORTISATION		
Australia & New Zealand	19,893	13,898
Canada	577	673
South Africa	1,980	455
Asia	137	72
United Kingdom	–	–
Total	**22,587**	**15,098**
ADDITIONS TO PLANT AND EQUIPMENT		
Australia & New Zealand	4,113	1,870
Canada	557	752
South Africa	552	49
Asia	389	74
United Kingdom	–	–
Total	**5,611**	**2,745**
ADDITIONS TO SOFTWARE		
Australia & New Zealand (a)	40,991	1,745
Canada	–	–
South Africa	29	–
Asia	32	161
United Kingdom	–	–
Total	**41,052**	**1,906**

(a) Primarily made up of software acquired from Peresys (Proprietary) Limited for $39.335m (refer Note 23)

	CONSOLIDATED	
	2011 $'000	2010 $'000
ADDITIONS TO PLANT AND EQUIPMENT THROUGH BUSINESS COMBINATIONS		
Australia & New Zealand	–	–
Canada	–	–
South Africa	211	–
Asia	–	17
United Kingdom	–	–
Total	**211**	**17**
TOTAL NON CURRENT ASSETS		
Australia & New Zealand	71,409	41,116
Canada	9,613	10,280
South Africa	18,818	5,805
Asia	2,312	2,129
United Kingdom	–	–
Total	**102,152**	**59,330**

26 EMPLOYEE BENEFITS

THE AGGREGATE EMPLOYEE BENEFIT LIABILITY RECOGNISED AND INCLUDED IN THE FINANCIAL STATEMENTS IS AS FOLLOWS

Provision for employee benefits		
Current (Note 15)	3,487	2,736
Non–current (Note 16)	3,891	2,175
	7,378	**4,911**

	2011 NO.	2010 NO.
Number of employees (full time equivalent basis) and directors at end of the financial year, excluding staff on maternity leave or other unpaid leave.	659	512

	CONSOLIDATED	
	2011 $	2010 $
27 REMUNERATION OF AUDITORS		
Auditor of the parent entity (a)	225,000	257,700
Related practice of parent entity auditor (b)	44,859	19,159
	269,859	**276,859**

(a) The auditor of IRESS Market Technology Limited is Deloitte Touche Tohmatsu.

(b) Remuneration paid to international associates of Deloitte Touche Tohmatsu Australia located in Canada, New Zealand, South Africa, Singapore, Hong Kong and Ireland.

There were no amounts paid/payable to the auditor for non-audit services.

28 CONTINGENT LIABILITIES

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

29 LEASES

LEASING ARRANGEMENTS

Operating leases relate to office facilities with lease terms of between 2 to 10 years. The consolidated entity does not have an option to purchase the leased asset at the expiry of the lease period. Melbourne, Sydney, Brisbane and Perth office lease arrangements are supported by bank guarantees. At 31 December 2011, the total rental bank guarantees in place amounted to $2,610,953 (2010: $2,415,539).

	CONSOLIDATED	
	2011 $'000	2010 $'000
NON-CANCELLABLE OPERATING LEASES		
Not longer than 1 year	4,200	3,783
Longer than 1 year and not longer than 5 years	10,679	10,356
	14,879	**14,139**

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

MAKE GOOD PROVISIONS		
Current	327	164
Non-current	–	–

30 SUBSIDIARIES

NAME OF ENTITY	COUNTRY OF INCORPORATION / PRINCIPAL ACTIVITY	OWNERSHIP INTEREST 2011 %	OWNERSHIP INTEREST 2010 %
PARENT ENTITY			
IRESS Market Technology Limited (a)	Australia		
SUBSIDIARIES			
IRESS Market Technology (NZ) Limited (c)	New Zealand / Provision of sales and related services to users of IRESS technologies in New Zealand	100	100
IRESS Wealth Management Pty Ltd (b)	Australia / Provision of financial planning technology and related services	100	100
IRESS Canada Holdings Limited	Canada / Holding company	100	100
IRESS Data Pty Ltd (b) (c)	Australia / Data procurement	100	100
IRESS Asia Holdings Limited (c)	Hong Kong / Provision of financial market and financial planning technology and related services	100	100
IRESS Market Technology (Singapore) Pte Ltd (c)	Singapore / Provision of financial market and financial planning technology and related services	100	100
IRESS South Africa (Australia) Pty Ltd (b)	Australia / Software licensing company	100	100
Peresys (Proprietary) Ltd (d)	South Africa / Provision of financial market technology and related services	100	–
IRESS Technology Limited (c) (e)	United Kingdom / Provision of financial market and financial planning technology and related services	100	–

(a) IRESS Market Technology Limited is the head entity within the tax consolidated group.

(b) This company and its Australian subsidiaries (if any) are members of the tax consolidated group.

(c) Subsidiary provided with a letter of support from Parent entity.

(d) Acquired 20 January 2011.

(e) Established 23 September 2011.

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

NAME OF BUSINESS ACQUIRED / INCORPORATED	COUNTRY OF INCORPORATION / PRINCIPAL ACTIVITY	OWNERSHIP INTEREST 2011 %	OWNERSHIP INTEREST 2010 %
PlanTech Holdings Pty Ltd	Australia / Holding company for PlanTech companies below	100	100
PlanTech Consulting Group Pty Ltd	Australia / Provider of risk (life insurance) information and PlanTech's financial planning services	100	100
Planning Resources Group Pty Ltd	Australia / No active operations, currently receives small amount of passive income associated with former PlanTech business	100	100
VisiPlan Pty Ltd	Australia / Provision of financial planning technology and related services	100	100
TransActive Systems Pty Ltd	Australia / Provision of mortgage information and related services	100	100
Dealer Management Systems Pty Ltd	Australia / Provision of financial planning technology and related services	100	100
FundData Pty Ltd	Australia / Provision of financial planning technology and related services	100	100

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

NAME OF BUSINESS ACQUIRED / INCORPORATED	COUNTRY OF INCORPORATION / PRINCIPAL ACTIVITY	OWNERSHIP INTEREST 2011 %	OWNERSHIP INTEREST 2010 %
IRESS Spotlight Wealth Management Solutions (RSA) Pty Ltd	Australia / Provision of financial planning technology and related services	100	100
Spotlight Wealth Management (Pty) Ltd	South Africa / Provision of financial planning technology and related services	100	100
Advicenet Advisory Services (Pty) Ltd	South Africa / Provision of financial planning technology and related services	100	100
IRESS Wealth Management (RSA) (Proprietary) Limited	South Africa / Dormant	100	100

IRESS Canada Holdings Limited holds the following controlled entities.

		OWNERSHIP INTEREST	
NAME OF BUSINESS ACQUIRED / INCORPORATED	COUNTRY OF INCORPORATION / PRINCIPAL ACTIVITY	2011 %	2010 %
IRESS (Ontario) Limited	Canada / Holding company	100	100
KTG Technologies Corp.	Canada / Dormant	100	100
IRESS Market Technology Canada LP	Canada / Provision of financial market technology and related services	100	100
IRESS (LP) Holdings Corp.	Canada / General partner to IRESS Market Technology Canada LP	100	100

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

		OWNERSHIP INTEREST	
NAME OF BUSINESS ACQUIRED / INCORPORATED	COUNTRY OF INCORPORATION / PRINCIPAL ACTIVITY	2011 %	2010 %
Sentryi Pte Ltd (a)	Singapore / Provision of financial market and financial planning technology and related services	100	100

(a) Subsidiary provided with a letter of support IRESS Market Technology (Singapore) Pte Ltd with consent from Parent entity

Peresys (Proprietary) Ltd holds the following controlled entities.

		OWNERSHIP INTEREST	
NAME OF BUSINESS ACQUIRED / INCORPORATED	COUNTRY OF INCORPORATION / PRINCIPAL ACTIVITY	2011 %	2010 %
Peresys Derivatives (Proprietary) Ltd	South Africa / Dormant	100	–
Peresys Software Limited	Ireland / Provision of services to Peresys (Proprietary) Ltd	100	–

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

31 SUBSEQUENT EVENTS

There has not been any other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

32 FINANCIAL INSTRUMENTS

CAPITAL RISK MANAGEMENT

The consolidated entity manages its capital to ensure that entities in the consolidated entity will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The consolidated entity's overall strategy remains unchanged from 2010.

The capital structure of the consolidated entity consists of net cash (cash and cash equivalents), and equity (comprising issued capital, reserves and retained earnings as detailed in notes 17 to 19).

The consolidated entity is not subject to any externally imposed capital requirements.

The directors review the capital structure of the consolidated entity on a periodic basis.

FINANCIAL RISK FACTORS

The company and consolidated entity undertakes transactions in a limited range of financial instruments including cash assets and receivables.

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

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

(a) Foreign Currency Risk

i) Impact on Australian dollar equivalent reported earnings

Entities within the Consolidated Entity transact in their local currencies, which differ from the Consolidated Entity's presentation currency of Australian Dollars. Whilst a movement in these local currencies when compared with the Australian Dollar does not impact underlying profit or loss (as differences are recognised in comprehensive income through the foreign currency translation reserve), movements do impact on the Australian Dollar equivalent reported earnings. These movements therefore impact on the perceived performance of the company when viewed in Australian Dollars.

To assist users in understanding the impact exchange rate movements had on reported revenues from the year ended 31 December 2011 and 31 December 2010, the financial performance of business units (as set out in Note 25) can be viewed as follows:

	LC (a)	LOCAL CURRENCY (b)		TOTAL (AUD) (c)	
		2011 '000	2010 '000	2011 '000	2010 '000
TOTAL SEGMENT REVENUES					
FINANCIAL MARKETS					
Australia & New Zealand	AUD	108,919	104,538	108,919	104,538
Canada	CAD	24,606	22,189	23,954	23,488
South Africa	ZAR	114,210	–	15,320	–
Asia	AUD	1,061	613	1,061	613
Total financial markets				**149,254**	**128,639**
WEALTH MANAGEMENT					
Australia & New Zealand	AUD	49,122	43,783	49,122	43,783
South Africa	ZAR	44,323	47,327	5,991	7,072
Asia	AUD	159	317	159	317
United Kingdom	GBP	–	–	–	–
Total wealth management				**55,272**	**51,172**
Total of all segments				**204,526**	**179,811**

(a) LC is the local currency unit for the segment used in management accounts. New Zealand results not reported separately and instead are converted to AUD in management accounts. For the company's Asia operations, the two primary underlying currencies are SGD and HKD, but these are not reported separately in management accounts and instead are converted to AUD

(b) These are the segment revenues as reflected in management accounts.

(c) Reported segment revenues as reflected in Note 25.

ii) Impact on Profit or Loss

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

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

	TOTAL LOCAL CURRENCY	
NET SUBSIDIARY INTERCOMPANY BALANCES BY CURRENCY	**2011 '000**	**2010 '000**
Payable / (receivable) by parent company		
AUD	(49,299)	(44,660)
NZD	319	1,551
CAD	(4,796)	(3,773)
ZAR	(31,950)	–
SGD	(3,042)	(5,369)
HKD	(3,484)	(2,324)
GBP	(50)	–

The consolidated entity does not hedge the effect of the exchange rate movements on these loans. These loans are interest bearing (refer Note 33).

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

The effect of a change in the exchange rate on unrealised gains/losses and reported financial performance is as follows.

	COMPANY UNREALISED GAIN/(LOSS)	
MOVEMENT IN EXCHANGE RATE TO AUD	2011 AUD '000	2010 AUD '000
Strengthened by NZD cent	(2)	(9)
Weakened by NZD cent	2	9
Strengthened by CAD cent	43	39
Weakened by CAD cent	(44)	(39)
Strengthened by ZAR rand	5	–
Weakened by ZAR rand	(5)	–
Strengthened by SGD cent	17	35
Weakened by SGD cent	(18)	(35)
Strengthened by HKD cent	1	–
Weakened by HKD cent	(1)	–
Strengthened by GBP penny	1	–
Weakened by GBP penny	(1)	–

The primary currency risk for subsidiaries of the consolidated entity is the underlying local currency for that subsidiary. In assessing foreign currency risk management, the emerging businesses segments (Financial Markets in Asia, and Wealth Management in Asia and United Kingdom) are anticipated to be net borrowers in local currency from the company until these businesses reach a level of scale. Thereafter they should be net generators of cash in local currency. The remaining business segments are already net generators of cash in local currency.

The company does not currently hedge the impact of changes in foreign currency rates on the value of future cashflows from its foreign subsidiaries. A material enduring change in relative exchange rates could have a significant effect on the Australian dollar equivalent value of these operations.

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

During the month of January 2011, the company entered into a cashflow hedge in the form of two forward foreign currency contracts directly associated with the amounts payable to Peresys (Proprietary) Ltd and its shareholders. These forward contracts had terms of 15 and 10 days respectively, and were 100% effective. No other forward contracts were entered into during the year, and there are no open foreign currency contracts at 31 December 2011 (2010: nil).

(b) Liquidity Risk

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

The consolidated entity's liquidity is regularly monitored. The consolidated entity's financial liabilities comprise trade payables and other creditors, which are non-interest bearing liabilities. Refer to note 13 for details regarding contractual maturity.

IRESS currently has surplus funds invested in highly liquid instruments. The consolidated entity as at 31 December 2011 does not hold any standing debt facilities (2010: nil). The consolidated entity expects to meet its obligations from a combination of existing cash reserves, operating cashflows and the proceeds of maturing financial assets.

(c) Interest Rate Risk

The cash of the consolidated entity comprises highly liquid deposits that earn interest at a variable rate.

Sensitivity of cash deposits to movements in the interest rate can be demonstrated using assumptions that are not necessarily relevant to the future financial position of the company, and assuming a constant deposit amount based on 31 December 2011 year end balances. The effect of a change in the interest rate, interest income and reported financial performance is as follows:

MOVEMENT IN INTEREST RATE	CONSOLIDATED $'000
1%	489

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

(d) Credit Risk

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

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

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

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

(e) Fair Value

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

33 RELATED PARTY DISCLOSURES

(a) Equity Interests in Related Parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 30.

(b) Key Management Personnel Disclosures

Details of key management personnel disclosures are set out in Note 34.

(c) Transactions within the Wholly Owned Group

The wholly owned group includes:

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

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

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

During the financial year, the consolidated entity recognised a net receivable of $1,614,961 (2010: $1,699,300) from its wholly owned subsidiaries for their taxes consolidated for the current period.

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

(d) Transactions with Other Related Parties

During the year, Spotlight Wealth Management (Pty) Ltd rented premises at commercial rates from Spotlight House (Pty) Ltd, an entity associated with Mr P Moretonas, an employee of Spotlight Wealth Management (Pty) Ltd. The amount paid was $161,322 (2010: $144,771).

(e) Transactions with ASX Limited

ASX Limited (‘ASX’) owns 23,750,001 of the ordinary shares in IRESS. ASX is a major supplier of Australian equity market data to IRESS.

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

Total fees paid to ASX for Australian equity and related market data and associated services in 2011 were $12,194,966 (2010: $11,822,525). Depending on the particular data set or service being subscribed for, these fees are typically based on either:

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

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

34 DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors and key management personnel

The directors of IRESS Market Technology Limited were:

- Mr P Dunai (Chairman, Chairman of Nomination and Remuneration Committee until 5 May 2011);
- Mr A Walsh (Managing Director)
- Mr J Killen (Chairman of the Audit Committee, Non-executive Director; retired from the Board 5 May 2011);
- Mr B Burdett (Non-executive Director);
- Ms J Seabrook (Non-executive Director, Lead Independent Director, Chair of Nomination and Remuneration Committee since 5 May 2011);
- Mr J Cameron (Non-executive Director); and
- Mr J Hayes (Non-executive Director, appointed 10 June 2011, Chairman of the Audit Committee since 10 June 2011);

The executives of the IRESS Market Technology Limited consolidated entity during the year were:

- Mr S Bland (Chief Financial Officer and Company Secretary);
- Mr J Davies (President & Chief Executive Officer, Financial Markets Canada);
- Mr P Ferguson (Group General Counsel and Company Secretary);
- Ms K Gross (General Manager, Products, Sales & Marketing); and
- Mr D Walker (Chief Technical Officer).

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

The non-executive directors are appointed in accordance with the Company's constitution, with directors required to stand for re-election every three years. No termination payments arise should a non executive director resign, retire or fail to be re-elected. Termination payments would arise should directors elect to terminate this arrangement prior to expiry. Generally, the minimum notice period for any executive is three months, and the maximum is six months. Except for termination payments arising from the circumstances outlined below, payments arising at the discretion of the board, or payments in lieu of notice, no termination payments are payable to executives. Further details on employment terms for executives are set out on pages 31 and 32.

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

The aggregate compensation of the key management personnel of the consolidated entity and the company is set out below.

	CONSOLIDATED	
	2011 (a)	2010
Short term employee benefits	3,800,289	4,269,612
Post-employment benefits	163,795	247,069
Other long term benefits	–	–
Termination benefits	–	–
Share-based payment	2,010,051	2,458,997
	5,974,135	**6,975,678**

(a) There were 11 key management personnel in 2011, some of whom have a part year of service (2010:14).

(b) Director and key management personnel equity holdings

Fully paid ordinary shares issued by IRESS Market Technology Limited to directors and key management personnel or to a related party of them

	OPENING BALANCE NO.	GRANTED AS COMPENSATION NO.	RECEIVED ON EXERCISING OF SHARE RIGHTS NO. (a)	NET OTHER CHANGE NO.	CLOSING BALANCE NO.	BALANCE HELD NOMINALLY NO.
2011						
DIRECTORS						
Mr P Dunai	690,000	–	200,000	–	890,000	–
Mr A Walsh	70,950	–	81,000	(80,000)	71,950	–
Mr J Killen (b)	77,500	–	–	–	–	–
Mr B Burdett	100,000	–	–	–	100,000	–
Ms J Seabrook	20,000	–	–	–	20,000	–
Mr J Cameron	–	–	–	–	–	–
Mr J Hayes	–	–	–	4,600	4,600	–
EXECUTIVES						
Mr S Bland	220,390	–	59,000	(9,000)	270,390	–
Mr J Davies (c)	–	–	–	–	–	–
Mr P Ferguson	–	–	–	–	–	–
Ms K Gross	183,110	–	44,500	–	227,610	–
Mr D Walker	417,260	–	54,000	–	471,260	–

Fully paid ordinary shares issued by IRESS Market Technology Limited to directors and key management personnel or to a related party of them

	OPENING BALANCE NO.	GRANTED AS COMPENSATION NO.	RECEIVED ON EXERCISING OF SHARE RIGHTS NO. (a)	NET OTHER CHANGE NO.	CLOSING BALANCE NO.	BALANCE HELD NOMINALLY NO.
2010						
DIRECTORS						
Mr N Hamilton	100,000	–	–	–	100,000	–
Mr P Dunai	30,625	–	659,375	–	690,000	–
Mr A Walsh	–	–	70,950	–	70,950	–
Mr J Killen	77,500	–	–	–	77,500	–
Mr B Burdett	80,000	–	–	20,000	100,000	–
Ms J Seabrook	20,000	–	–	–	20,000	–
Mr J Cameron	–	–	–	–	–	–
EXECUTIVES						
Mr S Bland	170,500	–	61,390	(11,500)	220,390	–
Mr J Davies (c)	60,000	–	–	(60,000)	–	–
Ms K Gross	135,000	–	48,110	–	183,110	–
Mr A Rudy	5,000	–	43,400	(48,400)	–	–
Mr J Rudy	–	–	42,900	(42,900)	–	–
Mr D Walker	366,400	–	60,390	(9,530)	417,260	–
Ms T Vigilante	–	–	27,280	–	27,280	–

Performance Rights issued by IRESS Market Technology Limited to directors and key management personnel, or to a related party of them

	OPENING UNVESTED BALANCE NO.	GRANTED AS COMPENSATION NO.	VESTED DURING THE PERIOD NO. (b)	CLOSING UNVESTED BALANCE NO.
2011				
DIRECTORS (a)				
Mr P Dunai	200,000	–	(200,000)	–
Mr A Walsh	281,000	300,000	(56,000)	525,000
EXECUTIVES				
Mr S Bland	123,690	31,040	(46,000)	108,730
Mr J Davies	55,850	15,430	(20,000)	51,280
Mr P Ferguson	–	–	–	–
Ms K Gross	99,170	28,520	(33,000)	94,690
Mr D Walker	115,690	32,710	(42,000)	106,400
2010				
DIRECTORS (a)				
Mr P Dunai	759,375	–	(559,375)	200,000
Mr A Walsh	207,950	125,000	(51,950)	281,000
EXECUTIVES				
Mr S Bland	138,390	31,690	(46,390)	123,690
Mr J Davies	65,000	15,850	(25,000)	55,850
Ms K Gross	108,110	28,170	(37,110)	99,170
Mr A Rudy	88,400	19,370	(33,400)	74,370
Mr J Rudy	89,400	23,770	(33,400)	79,770
Mr D Walker	130,390	31,690	(46,390)	115,690
Ms T Vigilante	9,280	17,610	(9,280)	17,610

(a) During the year, other than as noted above, there were no outstanding performance rights issued to directors or a related party of them.

(b) Retired 5 May 2011

(c) Upon vesting, performance rights are exercisable. With the exception of Mr Davies, all performance rights which vested during the relevant year were exercised prior to the year end in both 2011 and 2010.

Details of the terms and conditions of the Employee Performance Rights plan are set out in Note 36.

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

Deferred shares /deferred share rights issued by IRESS Market Technology Limited to directors and key management personnel, or to a related party of them (a)

	OPENING UNVESTED BALANCE NO.	GRANTED AS COMPENSATION NO.	VESTED DURING THE PERIOD NO.	CLOSING UNVESTED BALANCE NO.
2011				
DIRECTORS				
Mr P Dunai	–	–	–	–
Mr A Walsh	54,000	30,000	(25,000)	59,000
EXECUTIVES				
Mr S Bland	23,190	10,290	(13,000)	20,480
Mr J Davies	24,080	10,010	(13,000)	21,090
Mr P Ferguson	–	–	–	–
Ms K Gross	21,890	10,070	(11,500)	20,460
Mr D Walker	22,790	10,290	(12,000)	21,080
2010				
DIRECTORS				
Mr P Dunai	100,000	–	(100,000)	–
Mr A Walsh	44,000	29,000	(19,000)	54,000
EXECUTIVES				
Mr S Bland	28,000	10,190	(15,000)	23,190
Mr J Davies	28,000	11,080	(15,000)	24,080
Ms K Gross	22,500	10,390	(11,000)	21,890
Mr A Rudy	18,000	6,590	(10,000)	14,590
Mr J Rudy	18,500	7,190	(9,500)	16,190
Mr D Walker	26,000	10,790	(14,000)	22,790
Ms T Vigilante	31,000	7,190	(18,000)	20,190

(a) During the year, other than as noted above, there were no outstanding deferred shares or deferred share rights issued to directors or a related party of them. With the exception of Mr Davies, directors and executives receive deferred shares.

(c) Other transactions with Directors and key management personnel

During the year, there were no transactions with directors or key management personnel or their related parties other than transactions associated with the director's or key management personnel's compensation or equity holdings, which impacted on profit from ordinary activities before income tax, assets or liabilities.

35 SHARE BASED PAYMENTS

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

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

Summaries of the rules governing the above plans are set out in Notes 36 to 38 respectively.

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

Set out below are the fair values of share rights (which were derived by PricewaterhouseCoopers Securities Limited) and the key inputs used in the pricing model, which were available during the year.

SERIES (a)	GRANT DATE	SHARE PRICE ON GRANT DATE $	FAIR VALUE $	EXPECTED VOLATILITY %	DIVIDEND YIELD %	RISK-FREE INTEREST RATE %	KEY PERFORMANCE MEASURE (b)	INTERIM VESTING	TERM MONTHS	INDICATIVE VESTING 31/12/11 % (c)	VALID OUTSTANDING 31/12/11
May 2008 PR	7/5/08	6.26	3.85	35	4.3	6.4	A	No	36	100	–
Aug 2008 PR	19/8/08	6.15	3.69	35	4.3	5.7	A	No	36	100	–
May 2009 PR	7/5/09	6.52	3.90	35	4.3	3.9	A	No	36	77	299,000
May 2009 DSR	7/5/09	6.52	6.00	35	4.3	3.6	B	No	24	100	–
May 2009 DS	7/5/09	6.52	6.52	N / A	N / A	N / A	B	No	24	100	–
May 2010 PR	7/5/10	8.34	5.68	35	4.3	5.0	A	No	36	56	377,650
May 2010 DSR	7/5/10	8.34	7.67	35	4.3	4.7	B	No	24	100	71,280
May 2010 DS	7/5/10	8.34	8.34	N / A	N / A	N / A	B	No	24	100	561,570
May 2011*4 PR	9/5/11	9.23	5.79	30	4.3	5.2	A	No	48	–	150,000
May 2011*3 PR	9/5/11	9.23	5.87	30	4.3	5.2	A	No	48	–	150,000
May 2011 PR	9/5/11	9.23	5.96	30	4.3	5.2	A	No	36	–	267,640
May 2011 DSR	9/5/11	9.23	8.49	30	4.3	5.1	B	No	24	–	69,810
May 2011 DS	9/5/11	9.23	9.23	N/A	N/A	N/A	B	No	24	–	576,160

(a) PR refer Note 36, DS refer Note 37, DSR refer Note 38.

(b) A denotes series is benchmarked on modified ASX200 index, B denotes series is measured on ongoing employment and acceptable performance.

(c) Indicative vesting has been calculated based on ranking relative to the benchmark as at 31 December 2011. Actual vesting will be determined based on performance at the end of the vesting period. Deferred shares and deferred share rights are assumed to fully vest for this analysis.

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

HOLDER	INCENTIVE PLAN	UNVESTED 1/1/11 OR GRANTED DURING THE YEAR '000	VESTED '000	CANCELLED '000	UNVESTED 31/12/11 '000
DIRECTOR – P DUNAI	August 2008 PR	200	(200)	–	–
DIRECTOR – A WALSH	May 2008 PR	56	(56)	–	–
	May 2009 PR	100	–	–	100
	May 2009 DS	25	(25)	–	–
	May 2010 PR	125	–	–	125
	May 2010 DS	29	–	–	29
	May 2011*4 PR	150	–	–	150
	May 2011*3 PR	150	–	–	150
	May 2011 DS	30	–	–	30
EXECUTIVES	May 2008 PR	141	(141)	–	–
	May 2009 PR	146	–	–	146
	May 2009 DSR	13	(13)	–	–
	May 2009 DS	37	(37)	–	–
	May 2010 PR	107	–	–	107
	May 2010 DSR	11	–	–	11
	May 2010 DS	31	–	–	31
	May 2011 PR	108	–	–	108
	May 2011 DSR	10	–	–	10
	May 2011 DS	31	–	–	31
STAFF	May 2008 PR	94	(94)	–	–
	May 2009 PR	53	–	–	53
	May 2009 DSR	80	(80)	–	–
	May 2009 DS	498	(490)	(8)	–
	May 2010 PR	146	–	–	146
	May 2010 DSR	60	–	–	60
	May 2010 DS	501	(2)	(19)	480
	May 2011 PR	160	–	–	160
	May 2011 DSR	61	–	(1)	60
	May 2011 DS	523	–	(8)	515

The following table sets out the share rights of directors, executives and staff exercised during the year and the weighted average share price prevailing on the date of exercise.

	2011		2010	
INCENTIVE PLAN (a)	QUANTITY	WEIGHTED AVERAGE SHARE PRICE ($)	QUANTITY	WEIGHTED AVERAGE SHARE PRICE ($)
May 2005 PDPR	–	–	300,000	8.19
May 2006 PDPR	–	–	259,375	8.19
May 2006 PR	15,000	9.07	24,000	7.88
May 2007 PR	8,000	9.07	848,802	8.08
May 2008 PR	271,000	9.20	–	–
August 2008 PR	200,000	8.15	–	–
May 2008 DSR	16,500	9.22	40,000	8.72
May 2009 DSR	26,100	8.65	–	–
May 2008 DS	–	–	807,430	8.34
May 2009 DS	551,868	9.20	–	–
May 2010 DS	1,980	7.91	–	–

(a) Calculated as the weighted average closing share price on the date(s) the share rights were exercised during the year.

36 SUMMARY OF THE EMPLOYEE PERFORMANCE RIGHTS PLAN

On 7 May 2003, the IRESS Employee Performance Rights Plan (the PR Plan) was established to assist in the attraction, retention and motivation of employees of the Company. This plan was modified on 26 March 2008 following the creation of the IRESS Market Technology Equity Plan Trust (the Trust).

The key terms of the PR Plan are set out below.

GENERAL RULES

(a) The PR Plan is open to full–time and part–time employees of an entity in the IRESS group.

(b) The Board will determine the quantum of performance rights issued under the PR Plan.

(c) The total number of unvested performance rights together with all other shares outstanding under the various employee share plans, must not exceed 5% of the total number of issued shares in that class at the time of the offer.

(d) The PR Plan will be administered by the trustee in accordance with the instructions of the Board. The Board may make further rules for the operation of the PR Plan which are consistent with the PR Plan.

(e) The PR Plan provides for the possibility of accelerated vesting of performance rights upon the occurrence of a specified ‘event’ (such as a takeover is made for the Company, a scheme of arrangement is proposed or the Company is wound up).

(f) Performance rights lapse in certain circumstances, including where:

i) the performance criteria have not been satisfied within the required time period;

ii) vested performance rights expire; or

iii) an employee or consultant ceases their employment with the Company. Refer to i) below for further details.

(g) Where an employee leaves the Company, other than for a qualifying reason, all unvested rights lapse. Where an employee leaves the Company as a result of a qualifying reason, performance rights granted in the last six months lapse but remaining unvested rights vest on a pro–rata basis having regard to the period which has elapsed between the issue of the performance rights to the employee and the employee leaving the Company. Finally, where in the Board's view there are special circumstances under which it would be unfair not to allocate shares or the cash equivalent to a departing employee, the Board has the capacity to make such an allocation of shares or cash.

(h) The quantum of performance rights issued to an employee under the PR Plan are modified in accordance with standard industry adjustments to reflect:

  i) a bonus issue; or

  ii) a reconstruction of the Company's issued capital.

(i) Performance rights will not be quoted on the ASX, however upon issuance of shares in accordance with the PR Plan rules, the Company will immediately apply for quotation of those shares on the ASX.

(j) The exercise price for a performance right holder to subscribe for and be allotted, credited as fully paid, shares arising under the Plan, is $1, irrespective of the number of performance rights exercised on the applicable day. The $1 fee is payable each time a performance right holder subscribes for shares under the Plan.

(k) During the 'restriction period', any share provided on the exercise of a performance right is held on trust by the trustee. In addition to other restrictions the Board considers necessary to give effect to the restrictions, it may place a holding lock on these shares.

(l) Shares may be withdrawn from the Trust upon the submission and approval of a valid 'withdrawal notice'.

PERFORMANCE CRITERIA

The following performance criteria shall apply to performance rights issued under the PR Plan.

Performance ranking

The Company's performance ranking for a performance period is determined by reference to the total shareholder return of the Company during the performance period as compared to the total shareholder return for each company in a peer group of companies. The peer group of companies comprises the top 200 companies listed in the ASX/S&P 200 companies after excluding mining companies and listed property trusts. A peer company must have been in the ASX/S&P 200 companies for the entire performance period (i.e. new entrants and companies dropping out of the ASX/S&P 200 companies are excluded). The Company's ranking within that group of companies at the end of the relevant performance period determines the number of performance rights in the particular tranche that become exercisable (if any) on the following basis.

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

Total shareholder return in respect of a company in a performance period, is the increase in the value of a shareholder's investment in that company during the performance period, on the basis that all dividends and other returns grossed up for franking credits, are immediately reinvested in the Company, at the closing price for the shares on the payment date of the dividend or other return.

Tranches

Performance rights granted in 2005 and subsequent years become available for exercise at the end of the third year based on the Company's performance ranking for the performance period.

Performance rights granted in prior periods were eligible for exercise in tranches over three years.

Performance period

For performance rights granted in 2005 and subsequent years the performance period is the period commencing on the commencement date and ending three years after the commencement date.

TERMS OF THE RIGHTS

(a) Rights may be exercised during a two year period from the date on which they become exercisable and to the extent they are not exercised within that period they will lapse.

(b) Should the performance criteria not be met in the performance period for that series, the Company's ranking will be retested on a monthly basis for up to 6 months after the end of the performance period for that series.

37 SUMMARY OF THE EMPLOYEE DEFERRED SHARE PLAN

On 26 March 2008, the IRESS Employee Share Plan (the Deferred Share Plan) was established. The Deferred Share plan is broadly similar in operation to the Employee Performance Rights Plan outlined in Note 36.

Key areas of difference are as follows.

GENERAL RULES

(a) No exercise price is payable for a deferred share holder to subscribe for and be allotted, credited as fully paid, shares arising under the Plan;

(b) Participants are eligible to receive dividends and vote during the vesting period; and

(c) The vesting term and performance criteria are stipulated in the individual offering.

VESTING TERM AND CRITERIA

Deferred shares granted in May 2008, 2009 and 2010 have a two year vesting period, and performance criteria requiring satisfactory individual performance during the vesting period. There is no benchmarking against an external peer group of companies with graduated vesting based on relative ranking, as is the case for performance rights.

38 SUMMARY OF THE EMPLOYEE DEFERRED SHARE RIGHTS PLAN

On 26 March 2008, the IRESS Employee Deferred Share Rights Plan (the Deferred Share Rights Plan) was established. The Deferred Share Rights plan is very similar in operation to the Deferred Share Plan outlined in Note 37.

Key areas of difference are as follows.

GENERAL RULES

(a) Participants are not eligible to receive dividends or vote during the vesting period.

VESTING TERM AND CRITERIA

Deferred shares rights granted in May 2008, 2009 and 2010 have a two year vesting period, and performance criteria requiring satisfactory individual performance during the vesting period. As with deferred shares, there is no benchmarking against an external peer group of companies or graduated vesting based on relative ranking, as is the case for performance rights.

39 SUMMARY OF THE IRESS NON-EXECUTIVE DIRECTOR SHARE PLAN

The IRESS Non-Executive Directors share plan ('NED Plan') was established following the Company's Annual General Meeting in May 2008. As at 31 December 2011, and at the date of this report, no shares have been issued under the NED plan. The key terms of the NED Plan are set out below.

GENERAL RULES

(a) Participation in the NED Share Plan is voluntary.

(b) The maximum proportion of a participating non-executive director's remuneration which may be provided in the form of shares is 50%.

(c) It is currently proposed that shares will be allocated to participants for prescribed periods (either quarterly or half-yearly) and in advance. If a participating director ceases to hold office during this period he or she will forfeit a pro rata portion of shares for that period.

(d) Once allocated, the shares will be held in trust on behalf of participating directors in accordance with the terms of the NED Share Plan until the earlier of:

  i) a prescribed period from the date of allocation;

  ii) cessation of office; or

  iii) the occurrence of a specified 'event' (such as a takeover is made for the Company, a scheme of arrangement is proposed or the Company is wound up).

(e) During this period, participating directors will not be able to sell or otherwise deal in the shares.

(f) While the shares are held on trust, participating directors will be entitled to dividends and voting rights and may enjoy other rights accruing to the shares in common with other shareholders (e.g. rights to participate in bonus and rights issues).

(g) If shares are not able to be provided to a participating director for any reason (e.g. because of legal impediments applicable at the time), cash will be provided instead.

SHAREHOLDER INFORMATION

The following information reflects shareholdings at 31 January 2012.

DISTRIBUTION OF MEMBERS AND THEIR HOLDINGS

SIZE OF HOLDING	NUMBER OF ORDINARY SHAREHOLDERS	SHARES	NUMBER OF PERFORMANCE RIGHTS HOLDERS	NUMBER OF DEFERRED SHARE HOLDERS	NUMBER OF DEFERRED SHARE RIGHTS HOLDERS
1 – 1,000	2,296	1,297,654	–	54	4
1,001 – 5,000	3,034	7,685,923	–	117	3
5,001 – 10,000	623	4,605,210	–	41	7
10,00 – 100,000	343	7,820,068	11	27	6
100,001 and over	33	105,627,155	3	–	–
Total	**6,329**	**127,036,010**	**14**	**239**	**20**

Number of shareholders with less than a marketable parcel 107

ORDINARY SHARE CAPITAL

- 127,036,010 fully paid ordinary shares are held by 6,329 shareholders
- All issued ordinary shares carry one vote per share held

SHARE RIGHTS

- 1,244,290 performance rights held by 14 individual holders
- 1,117,170 deferred share held by 239 individual holders
- 141,090 deferred shares rights held by 20 individual holders
- Only deferred shares carry a right to vote

TREASURY SHARES

- 23,200 treasury shares
- Treasury shares have the right to vote and would be voted in accordance with the recommendation of the directors

SUBSTANTIAL SHAREHOLDERS

ORDINARY SHAREHOLDERS	FULLY PAID NUMBER	FULLY PAID PERCENTAGE
ASX Limited	23,750,001	18.70%
Hyperion Asset Management Limited	15,349,992	12.08%
Commonwealth Bank Group	7,223,772	5.69%
BlackRock Investment Management (Australia) Limited	6,577,657	5.18%
Total	**52,901,422**	**41.65%**

TWENTY LARGEST SHAREHOLDERS OF QUOTED EQUITY SECURITIES

ORDINARY SHAREHOLDERS	FULLY PAID NUMBER	FULLY PAID PERCENTAGE
ASX Ltd	23,750,001	18.70%
JP Morgan Nominees Australia Limited	22,382,448	17.62%
National Nominees Limited	16,213,817	12.76%
HSBC Custody Nominees (Australia) Limited	14,222,487	11.20%
Citicorp Nominees Pty Limited	8,019,556	6.31%
Pacific Custodians Pty Limited <Equity Plans Trust A/C>	4,472,330	3.52%
Cogent Nominees Pty Limited	2,501,226	1.97%
JP Morgan Nominees Australia Limited <Cash Income A/C>	2,213,516	1.74%
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,719,782	1.35%
Australian Foundation Investment Company Limited	1,655,291	1.30%
Mirrabooka Investments Limited	1,070,000	0.84%
UBS Wealth Management Australia Nominees Pty Ltd	870,047	0.68%
M F Custodians Ltd	860,991	0.68%
Argo Investments Limited	791,884	0.62%
Navigator Australia Ltd <MLC Investment Sett A/C>	733,521	0.58%
AMP Life Limited	412,635	0.32%
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A>	371,391	0.29%
SmallCo Investment Manager Ltd <The Cut A/C>	367,086	0.29%
Invia Custodian Pty Limited <Best Superannuation P/L A/C>	363,250	0.29%
CS Fourth Nominees Pty Ltd	339,270	0.27%

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