IRESS
2012 ANNUAL REPORT

ABN 47 060 313 359

BOARD OF DIRECTORS

P Dunai – Chairman
A Walsh – Managing Director
J Seabrook
J Cameron
J Hayes
A D'Aloisio

COMPANY SECRETARY

P Ferguson

REGISTERED OFFICE

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SHARE REGISTRY

Link Market Services Limited
Level 1, 333 Collins Street
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BANKERS

National Australia Bank Limited

AUDITORS

Deloitte Touche Tohmatsu

SOLICITORS

King & Wood Mallesons

STOCK EXCHANGE LISTING

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

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HIGHLIGHTS

Total Group revenues for the twelve months ended 31 December 2012 increased by 1.3% to $207.5 million, and segment profits decreased by 6.4% to $83.4 million. Reported profit after tax was $39.2 million, compared with $41.3 million for the prior year, a decline of 5.1%.

Underlying Group segment profit after income tax (including the Consolidated Entity's investment in the emerging financial market and wealth management businesses in Asia and the United Kingdom) for the twelve months ended 31 December 2012 was $54.4 million, a decline of 9.0% on the previous year. This figure is derived after excluding share based payments, non-core items and amortisation of intangible assets recognised through acquisition (strategic charges). Collectively these adjustments amounted to $21.9 million for the twelve months ended 31 December 2012 (2011: $25.9 million). Group segment profit after income tax but before investments in Asia and the United Kingdom for the twelve months ended 31 December 2012 was $59.6 million, a decline of 3.9% on the prior year.

Basic earnings per share for the year was 30.646 cents per share (2011: 32.644 cents per share) a decrease 6.1%.

Directors have declared a final dividend of 24.5 cents per share 90% franked at a 30% tax rate. The final dividend combined with the first half interim dividend of 13.5 cents gives a total of 38.0 cents 90% franked at a 30% tax rate on each share (2011 full year dividend: 38.0 cents per share 85.6% franked at a 30% tax rate).

FINANCIAL SUMMARY

12 MONTHS TO 31 DECEMBER 2012

	CONSOLIDATED 2012	CONSOLIDATED 2011
Total revenues ($m)	207.476	204.758
Profit before income tax expense ($m)	56.842	60.160
Profit attributable to the members of the parent entity ($m)	39.228	41.341
Basic earnings per share (cents)	30.646	32.644
Dividend per share (cents)	38.0	38.0

AUSTRALIA AND NEW ZEALAND – FINANCIAL MARKETS

During 2012, the revenue experience was, by and large, flat. The business conditions brought by low trading volumes saw strong responses by our clients in headcount reductions and general cost focus. Screen cancellations peaked in April 2012, but were reasonably constant for the second half of the year. Gross screen cancellations for the full 2012 year were around 32% higher than the same figure for 2011. Consistent with this cost focus we also saw mergers of some sell-side clients and instances of outsourced execution for trading. Notwithstanding these very challenging conditions the business achieved revenue growth in certain client segments and in specific products that substantially offset the negative factors.

Under these circumstances, the 2012 result is viewed as a significant achievement and illustrates the underlying resilience of the division.

Demand for IOS+, IPS and retail online trading solutions has been notable in generating revenues through the year. Additional revenue opportunities following the introduction of trading venue competition continue to flow through by way of new products and implementations, however overall these have been more gradual than might have been anticipated as a result of broad market conditions and diluted regulatory obligations for best execution.

The division experienced slight revenue decline of 0.2% over the full year (down 0.7% and 0.6% on the prior half year's results for the period to June 2012 and December 2012 respectively). Segment profits declined by 3.7% for the full year (down 2.5% and 0.0% respectively on the prior half's results).

AUSTRALIA AND NEW ZEALAND – WEALTH MANAGEMENT

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 strong growth through differentiated product capability, demand for tangible efficiency savings through technology, and enhanced adviser workflow and end client experience.

Revenue growth reflects increasing implementation demand, with a number of parallel themes driving and increasing demand for our solutions: regulatory preparedness ahead of FoFA deadlines in 2013 is clearly a focus for all participants; consumer expectations influencing advisory responses and increasing use of technology.

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 post reform for growth.

The division achieved revenue growth of 9.7% over the full year (up 2.5% and 6.6% on the prior half year's results for the period to June 2012 and December 2012 respectively). Positive revenue momentum combined with moderated expenses in the second half produced segment profit growth of 15.2% for the full year (up 9.8% and 1.3% respectively on the prior half's results).

CANADA

During 2012 our business in Canada was fully exposed to the declining conditions facing our sell-side clients which are clearly the most challenged of the business segments we service. With minimal diversification away from this client segment our revenues tracked these declining conditions and the financial stress, and headcount reductions experienced by our clients. This heightened cost focus also resulted in significant pricing and competitive pressure impacting on our business.

The substantially fixed cost base of our business results in leverage of our segment profit to increases, or as was the case this year, declines in revenue. While revenues declined by 9.1% (CAD), segment profit declined by nearly 23%.

Together with ongoing investment in our trading solutions, our business priority in Canada is to diversify our revenue sources, which has proven to enhance resilience for the Group. Business segments, such as market data, retail online trading and private wealth management, present opportunities for us where we are working with seed prospects and positioning experience locally. However, these areas will be insufficient to offset short-term impacts.

This has resulted in a revenue decline for the year of 9.1% (CAD) (down 7.6% and 9.8% on the prior half year's results for the period to June 2012 and December 2012 respectively), directly and negatively impacting segment profit by nearly 23% (CAD). While the full year comparison is partially impacted by some one-off project fees in 2011, the underlying result reflects the stress across our sell-side clients. The performance of the division was marginally impacted by currency movements translating to decline of 10.0% and 23.5% for revenue and segment profit respectively when measured in Australian dollars.

SOUTH AFRICA

Revenue growth during the year was strong in local currency following large strategic deployments and medium-term investment decisions. The extension of our high-performance managed environment in Johannesburg was coordinated with market-wide technology change and resulted in the overwhelming majority of our financial markets client base moving to our fully hosted and managed trading solution.

Our investment positions us as a vendor of scale providing clients a broader range of services and options, able to provide a unique combination of services across data, financial markets and wealth management aligned to advisory demand and strategic goals of our clients and prospects.

Our private wealth management service is an area of increased focus as we see advisory businesses demand more efficient tools to manage and implement portfolios, to generate advice, and to service and interact with clients. These trends are consistent with other regions and importantly have an eye to global regulatory trends.

The region achieved revenue growth for the year of 13.4% (ZAR) (up 4.0% and 3.7% on the prior half year's results for the period to June 2012 and December 2012 respectively). The ongoing investment in the financial markets area resulted in segment profit increasing by 0.2% (ZAR).

As with prior periods, the Group has not hedged the net foreign currency amounts for the offshore divisions, as we do not consider we can ultimately add value by hedging the recurring net long Rand cashflows. Accordingly, appreciation of the Australian dollar against the Rand had a significant impact on the region's results when measured in Australian dollars, with revenues for the year down 0.3% and segment profits down 10.4%.

INVESTMENTS

ASIA

Our primary focus in 2012 has been supporting clients implementing white-label and proprietary solutions in response to the collapse of MF Global in late 2011. This has been successful with the majority of revenue now reinstated and a promising set of opportunities stemming from these projects. While beneficial in assisting in development of direct client relationships, we are positioned behind our original plans by approximately 12-18 months.

We maintain a strategic view to our positioning in Asia across financial markets and wealth management as more institutional businesses look regionally. Our capability in the region is increasingly important to Australian businesses operating in Asia and Asian businesses in Australia, where there have been a number of new names over the past twelve months. At the same time we recognise our investment in Asia necessarily involves an element of patience. The requirement for local relationships, the scale of operations, nature of business structures and numerous differences between the various markets which are our focus, involves challenges which take time to work through. Our strategy is to build on our growing relationships and direct service offerings, proving out the value of our integrated offering with seed clients. From this base we are looking to augment our technology with targeted acquisitions. We continue to progress product and business building given our medium term outlook.

UNITED KINGDOM

In late 2011, IRESS commenced UK operations after selection as strategic advice technology provider by Sesame Bankhall Group (SBG). Following an intensive localisation effort supported by SBG's commitment to XPLAN, the pilot and rollout of XPLAN commenced in July receiving an extremely pleasing response. Our investment in localised product, service and technology has seen a positive response whereby 170 firms representing over 700 SBG advisers have proactively registered to adopt XPLAN.

We also recently announced that Towry will implement XPLAN as its core advice platform. In the UK, Towry is one of the largest high net worth advice specialists and in the top ten advice firms by turnover. This underlines the competitiveness and relevance of XPLAN in the UK market, and progresses our strategy to expand beyond our seed engagement.

The last twelve months have been very rewarding as we make differentiating progress in the UK. Our progress and success in the UK over a short period is a credit to our people and product suite.

We continue to see a healthy pipeline of opportunities stimulated by the need for integration, efficient advice, and effective oversight demanded by the new paradigm set in the UK by the Retail Distribution Review (RDR).

Revenue contribution will be visible during 2013 as XPLAN is implemented and services become billable.

OUTLOOK

The Group will continue its strategy of local tailoring of solutions to all segments of our client base and adding value, avoiding where possible commodity product status. Continuing to act as a responsive vendor, and meeting client requirements as their businesses evolve, continues to be key to supporting our subscription based business model. 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. To achieve these goals, maintaining a dedicated and motivated pool of staff is critical, and excessive tracking of headcount in line with revenue to preserve margins in the short term, risks undermining the longer-term objectives.

Specifically looking at the Group's financial outlook for 2013, the year has commenced net positive, which will help to offset negative trading momentum observed during 2012. The start of the year has seen a turnaround in sentiment towards equity markets translating to increased trading activity, indicating some cautious optimism from few data points, however we remain cautious on short term results. Should sentiment continue to improve during the year we would still however anticipate subdued increase in broad demand for our services. With flattish 2012 revenue growth impacting 2013 and our deliberate investments in future growth, we expect a decline in Group segment profit by a similar level in 2013.

For 2013 we anticipate investing less than 5% of group revenues in our growth investments divisions (Asia and United Kingdom). Our confidence in the merit of this expenditure is undiminished despite their different rates of visible progress. The UK opportunity is very transparent and appears well placed to make meaningful returns against that investment in the near term. The opportunity in Asia we believe will ultimately reward patience and perseverance. 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 an outstanding pool of technology, but its greatest asset continues to be the staff working for the Group. It is fully recognised that ultimately the success of IRESS is directly as a result of their dedication and commitment. During the year, numerous and complex demands were made of our staff to meet client and project requirements globally. As our business becomes more global, it is important to recognise that all parts of the staff base support and influence growth opportunities in other parts of the world. A success in one area often results from a broader multi-team and multi-regional effort than may be apparent at first glance. In this context we acknowledge and thank the staff for their immense contribution during the year.

This observation is not something that is taken for granted. During 2012 the demands on staff if anything continued to increase as staff worked to fulfil client requirements, implementations, and to address the consequences of our growing breadth of operations and networks. In addition, extensive internal deadlines for medium-term initiatives further demanded staff.

Recognising these demands, there was an increase in base remuneration levels for staff during the year, other than Executives who received no increase to their base remuneration. For reasons outlined above, some divisions also experienced headcount growth. Managing human resources 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	Mr P Dunai
Managing Director	Chairman

DIRECTORS' REPORT

The Directors of IRESS Limited submit herewith the annual financial report for the financial year ended 31 December 2012. 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.
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.
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, and the Export Finance and Insurance Corporation. She is also a member of ASIC's external advisory group. Jenny is a chartered accountant with employment experience in the capital markets and mergers and acquisitions sectors and extensive public company board experience. Jenny's previous directorships include Amcor Limited, Australia Post and BankWest.
Mr J Cameron	Non-executive director and member of the Nomination and Remuneration Committee since 5 May 2011. He joined the Board in 2010. He has worked in IT for over 30 years in Australia, USA, United Kingdom and France. He was a key member of the team that automated both the equities and options trading floors for the ASX. He was founder and CEO of Cameron Systems which created CameronFIX which is now the world's leading implementation of the FIX protocol - the standard way that financial organisations worldwide trade electronically. His company was acquired in 2006 by ORC Software, where John served as CTO for three years. He is also a Director of the international standards body 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. A Fellow of CPA Australia with over 40 years' experience in Financial Services. Senior roles included CFO of both ASX Limited and Advance Bank Australia Limited and Vice President Financial Services with BT Australia Ltd. Non-Executive Director roles with ASX Perpetual Registry Ltd (now Link Market Services) and Orient Capital Ltd. Executive Director roles with the Australian Clearing House Ltd, ASTC Ltd (CHESS) and ASX Operations Pty Ltd.
Mr A D'Aloisio	Non-Executive Director and member of the Audit Committee. Joined the Board on 1 June 2012. He was Managing Director and Chief Executive Officer at the Australian Stock Exchange (ASX) from 2004 to 2006.He was Chairman of ASIC from 2007 to 2011. Tony has served in both executive and non-executive roles in commercial and Government enterprises and has held positions of Chief Executive, Chairman and Board member in local and international bodies. These have included Director of Boral Limited, The Business Council of Australia and the World Federation of Exchanges as well Chairman of the (International) Joint Forum.

COMPANY SECRETARY

NAME	PARTICULARS
Mr P Ferguson	Group General Counsel and Company Secretary, joined the Company in June 2011.

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 the United Kingdom.

The activities of the Consolidated Entity are typically viewed as falling into Financial Markets and Wealth Management, although there are numerous areas of cross-over and many clients who subscribe to both Financial Market and Wealth Management services.

FINANCIAL MARKET SOLUTIONS

The Financial Markets business provides a leading range of multi-market products and services including global market data, buy-side and sell-side order management (OMS and EMS), portfolio management, direct exchange connectivity or FIX based routing, smart order routing (BMR). These solutions can be delivered via the desktop, web or mobile device. The solutions are modular and integrated, allowing clients to tailor functionality for different trader roles, business units and departments, while maintaining a single platform across their organisation.

We have specific solutions for retail advisers and their clients, through to institutional traders and specialist market makers.

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

WEALTH MANAGEMENT SOLUTIONS

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

XPLAN represents a comprehensive range of integrated wealth management software tools for financial planning and wealth professionals. XPLAN is a scalable financial planning software platform that scales to support any business model.

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

OPERATING AND FINANCIAL REVIEW

OPERATIONS

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

- Economic Conditions:
  - 2012 remained a tough year in the financial services sector with a widespread focus on cost reductions throughout financial markets given the extended turbulent climate. Regulatory change was a driver for growth in our wealth management services.
  - Action by our clients to control costs has been steady and ongoing over the last twelve months and provides an up to date indication of the response by our clients to conditions.
  - Group results have remained flat as client technology initiatives have been offset by cost reductions, downsizing and consolidation.
  - Despite this, there remains strong demand in specific segments, products and geographies.

- 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 11% (2011: 22%) decline in the South African Rand.

- Cash flows from operations:
  - The net cash generated from operating activities was $61.5m, a 12.3% increase from the same period last year, which mainly arises from reduced income tax payments.

SHAREHOLDER RETURNS

An analysis of shareholder returns over the five years to December 2012 is set out on page 26 of the Directors' Report.

DIVIDENDS

The IRESS dividend policy is to maintain a payout ratio of not less than 80% of underlying group earnings (including all growth investments). Where possible, and subject to accounting limitations, a higher payout ratio will be sought in order to partially offset the impact of growth investments. The dividend policy may be modified by the Board in the future, where it is felt appropriate, including situations which may arise from the Company pursuing its strategy. Dividends continue to be franked to essentially the fullest extent possible.

In respect of the financial year ended 31 December 2012, an interim dividend of 13.5 cents per share franked to 90% at 30% corporate tax rate was paid to the holders of fully paid ordinary shares on 28 September 2012.

In respect of the financial year ended 31 December 2012, the Directors recommend a final dividend of 24.5 cents per share franked to 90% at 30% corporate tax rate to be paid to the holders of fully paid ordinary shares on 28 March 2013. The record date to participate in the final dividend is 12 March 2013.

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 and a final dividend of 24.0 cents per share franked to 83% at 30% corporate tax rate paid to holders of fully paid ordinary shares on 30 March 2012.

INVESTMENTS FOR FUTURE PERFORMANCE

In looking at the Consolidated Entity's performance during 2012, the following are important themes:

BUSINESS

- Pursuit of medium term growth opportunities:
    - The Consolidated Entity continued its strategy of local tailoring of solutions to all segments of our client base and adding value, avoiding where possible commodity product status. In addition to understanding changes in technology and regulation it requires a willingness to invest for the medium term, and engage in active and responsive dialogue with our clients.
    - Continuing to act as a responsive vendor, and meeting client requirements as their businesses evolve, is key.
    - Key highlights for 2012 were:
        - Balance sheet and financial stability continue to provide investment capacity.
        - Resilience in our more mature business operations. Wealth Management A&NZ performed very strongly as clients continued to invest in technology ahead of regulatory change.
        - Organic investments in Asia and the United Kingdom built around key seed clients continue to mature. The Company is confident and committed to opportunities seeding medium term growth.
        - Financial Markets operations were commenced in the United Kingdom in July 2012 with the appointment of senior management.
        - Continued focus on expansion of product offerings in response to market opportunities, regulatory change and technology.

NETWORK AND INFRASTRUCTURE

Ongoing investment in our network, infrastructure and related services continues to be key in supporting superior services and meeting client expectations.

Highlights in this area for 2012 included:

- Extension of our high-performance managed data centre environment in South Africa.
- New hosting trading services in South Africa in response to exchange technology evolution.
- Established two redundant data centres in UK to provide high-performance managed services.
- Introduced a policy framework aligned to ISO 27001

REVIEW OF GROUP RESULTS

The reported net profit after tax was $39.2m, a 5.1% decrease on reported profits for the same period last year. Impacting on comparability of results for 2012 and 2011 are:

- Revenue from ordinary activities which increased by $2.8m or 1.3%.
- Total customer data fees and communication and other technology expenses increased by $0.9m or 2.8%.
- Employee benefits expense which increased by $7.2m or 9.4% during the year. This increase arises from a number of factors including
    - The $1.4m increase in share based payments expense which can be further split as a decline of $0.3m or 4.2% for general long incentive arrangements for executives and staff, combined with the $1.7m increase associated with a once-off share right incentive arrangements to facilitate the establishment of the Consolidated Entity's activities in the United Kingdom.
    - A continued increase in total head count during the year to support existing clients and support the growth investment businesses. The FTE headcount for the group increased by 45 staff to a total of 704 at the end of the year. In terms of geographic spread the change was 21, 1, 6, 7 and 10 for Australia, Canada, South Africa, Asia and the United Kingdom respectively. However, a better measure for the actual impact of this increase in headcount had on the total wages bill is to compare the average monthly FTE headcount numbers for 2011 and 2012, which shows an increase of 56 staff.
    - The actual underlying base rate increase (in local currency terms) for staff during the year was 3.7% (when South Africa is excluded), and for Executives there was no increase in fixed annual remuneration.
- Other employee administration expenses which increase by $0.6m or 20.4%, mainly representing increased travel and accommodation expenditure associated with supporting the increasingly global business.
- Other expenses including general and administrative expenses increased by $1.1m or 15.4% a primary contributor was foreign currency losses arising on loans to wholly owned subsidiaries which are held by the Company and denominated in the offshore entity's currency, together with an increase in expenses such as insurance and company network costs.
- Facilities expense increased by $0.3m or 8.0%, which is mainly represented by increased rental area associated with the expanded headcount and establishment of permanent offices in the United Kingdom.
- Bad and Doubtful debts declined by $0.4m or 42.1% despite an increase in the provision for doubtful debts. The decline arises from the high level of bad debts in 2011 arising from the collapse on MF Global.
- Business acquisition and restructure expenses declined by $0.7m primarily due to acquisition expenses incurred in 2011 associated with the purchase of Peresys.
- Depreciation and amortisation expense declined by $3.6m. Splitting this item between normal operating business depreciation and amortisation, and amortisation of assets recognised as part of an acquisition (strategic charges), the movement is an increase of $1.6m and a decline of $5.1m respectively. The decline in strategic charges reflects several of these assets became fully written down during the year. The increase in operating depreciation and amortisation expenses primarily represents the investment in network and infrastructure facilities over the past eighteen months.
- Net interest income decreased by $0.6m predominately as a result of lower average cash balance on hand in 2012 and lower average interest rates on cash deposits.

In addition the number of shares on issue increased by 1.584m to support the employee share plans.

The collective impact of these changes was a decrease in basic EPS from 32.644 cents per share to 30.646 cents per share, a decrease of 6.1%.

The results of the business when viewed on a segment basis including investments are as follows:

		FINANCIAL MARKETS $'000 (b)	WEALTH MANAGEMENT $'000 (b)	UNDERLYING GROUP $'000	STRATEGIC CHARGES $'000	REPORTED GROUP $'000
RECURRING OPERATIONAL (a)						
Operating Revenue	2012	146,934	59,809	206,743	–	206,743
	2011	149,254	55,272	204,526	–	204,526
Segment Profit	2012	62,672	20,733	83,405	–	83,405
	2011	68,575	20,539	89,114	–	89,114
Segment Profit before tax	2012	59,024	19,228	78,251	(12,692)	65,560
	2011	66,774	19,251	86,026	(17,827)	68,198
Segment Profit after tax (c)	2012	41,020	13,363	54,383	(8,821)	45,562
	2011	46,409	13,379	59,788	(12,390)	47,398
SBP & NON-CORE						
Share Based Pmts.	2012	–	–	(6,959)	(1,496)	(8,455)
	2011	–	–	(7,090)	–	(7,090)
Total Non-Core Exp. Before Tax	2012	(185)	(610)	(795)	–	(795)
	2011	(743)	(211)	(954)	–	(954)
REPORTED						
Profit after tax	2012					39,228
	2011					41,341

Table 1

(a) IRESS considers inter-period comparability of results is best presented as the underlying operating results of the relevant businesses calculated excluding share based payments, non-core items, and amortisation of intangible assets recognised through acquisition (strategic charges) and has presented results consistently in this way for the past 8 years.

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

(c) This figure is derived based on a generic tax calculation for the recurring business operations. Directors consider the Underlying Group Profit after tax result represents the appropriate starting point when setting dividends.

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

FINANCIAL MARKETS

OPERATING RESULTS

RECURRING OPERATIONAL (a)		A&NZ $'000	CANADA $'000	RSA $'000	ASIA $'000 (b)	UK $'000 (b)	TOTAL $'000
Operating Revenue	2012	108,756	21,555	15,709	789	125	146,934
	2011	108,919	23,954	15,320	1,061	–	149,254
Segment Profit	2012	54,216	6,271	4,900	(2,337)	(378)	62,672
	2011	56,289	8,197	5,543	(1,454)	–	68,575

Table 2

(a) IRESS considers inter-period comparability of results is best presented as the underlying operating results of the relevant businesses calculated excluding share based payments, non-core items, and amortisation of intangible assets recognised through acquisition (strategic changes) and has presented results consistently in this way for the past 8 years.

(b) This table includes the financial market investment businesses.

Commentary on operating results

- Australia & New Zealand Financial Markets - Revenue $108.8m. (2011: $108.9m) down 0.2%; segment profits $54.2m (2011: $56.3m) down $2.1m or 3.7%. The result reflects flat revenues in a challenging market where much of the focus by our clients was directed to cost management. Total staff costs increased by $1.7m, and operating expenses increased by $0.4m. The increase in staff reflects 3 FTE added during the year plus the full year effect for 20 staff added in 2011.
- Canadian Financial Markets – Revenue $21.6m (2011: $24.0m) down 10.0% (9.1% in CAD); segment profits $6.3m (2011: $8.2m) down 23.5% (22.7% in CAD). Canada has faced extremely challenging conditions in 2012 characterised by cost pressures, contraction in the market and increased competitive activity. Reflecting this cost focus, total staff costs were flat year-on-year when measured in CAD.
- South African Financial Markets – Revenue $15.7m (2011: $15.3m) up 2.5% (up 16.4% in ZAR); segment profits $4.9m (2011: $5.5m) down 11.6% (down 1.5% in ZAR). Revenue growth reflects the technology and medium term investment decisions as we extended our high performance managed network to Johannesburg. Total staff costs increased by 18.0% in ZAR which in part represents inflation based increases for staff (which is running at 5 – 6%) as well as an increase of 11 in the average headcount which was to support client lead initiatives.
- Asian Financial Markets – Revenue $0.8m (2011: $1.1m); segment loss $(2.3)m (2011: $(1.5)m). The impact of the collapse of MF Global in the second half on 2011 continued to drive focus in 2012, with clients in the region seeking white-labelled proprietary solutions. Recognising the longer term view is to ensure we have strong local business knowledge and capability, investment in headcount continued during the year with FTE headcount up 6 (although the increase in average headcount was 9).
- UK Financial Markets – This operation was established during the second half of 2012.

WEALTH MANAGEMENT

OPERATING RESULTS

RECURRING OPERATIONAL (a)		A&NZ $'000	RSA $'000	ASIA $'000 (b)	UK $'000 (b)	TOTAL $'000
Operating Revenue	2012	53,864	5,545	195	205	59,809
	2011	49,122	5,991	159	–	55,272
Segment Profit	2012	23,366	1,584	(1,632)	(2,585)	20,733
	2011	20,289	1,689	(1,320)	(119)	20,539

Table 3

(a) IRESS considers inter-period comparability of results is best presented as the underlying operating results of the relevant businesses calculated excluding share based payments, non-core items, and amortisation of intangible assets recognised through acquisition (strategic changes) and has presented results consistently in this way for the past 8 years.

(b) This table includes the wealth management investment businesses.

Commentary on operating results

- Australia & New Zealand Wealth Management– Revenue $53.9m (2011: $49.1m) up 9.7%; segment profits $23.4m (2011: $20.3m) up 15.2%. This business continues to perform well, with ongoing demand for technology based efficiencies and the compliance and oversight capability offered by XPLAN as a result of reforms and repositioning within the wealth management segment. To support these opportunities headcount increased by 17 (although the average increase was closer to 11). Other operating expenses increased by 4.5%.
- South African Wealth Management – Revenue $5.5m (2011: $6.0m) down 7.4% (up 5.6% in ZAR); segment profits $1.6m (2011: $1.7m) down 6.2% (up 6.1% in ZAR). Revenue growth was modest with much work undertaken to support revenue growth in future periods. Total staff costs were essentially flat year-on-year when measured in ZAR, which reflects a combination of increases in line with inflation for existing staff and a small decline in headcount.
- Asian Wealth Management – Revenue $0.2m (2011: $0.2m) and segment loss $(1.6)m (2011: loss $(1.3)m). The business continues to make progress engaging clients in this segment.
- United Kingdom Wealth Management – Revenue $0.2m (2011: $0.0m) up $0.2m and segment loss $(2.6)m (2011: loss $(0.1)m). This business was established in November 2011 initially to support its seed client Sesame Bankhall Group. The nature of that arrangement was anticipated to generate very modest revenues in 2012. Recognising the importance of supporting Sesame Bankhall Group as well as the other opportunities available the company continued to invest in this business including the addition of 7 extra staff.

STRATEGY AND FUTURE PERFORMANCE

The Consolidated Entity's objectives are to maintain the Consolidated Entity's existing franchise and grow business operations through a combination of organic and inorganic transactions with a view to generating acceptable risk adjusted growth in earnings.

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.

CHANGES IN OPERATIONS DURING THE YEAR

During the course of the year, the operations of the Consolidated Entity were not modified in any material way.

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

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

REVIEW OF FINANCIAL CONDITION

CAPITAL STRUCTURE AND TREASURY POLICY

IRESS capital structure consists solely of fully paid up shares, and share rights associated with employee share plans (refer note 18).

Treasury practice is not to hedge foreign exchange exposures. Cash management practice is to invest cash balances beyond immediate day to day requirements in short dated term deposit or similar instruments.

LIQUIDITY AND FUNDING

IRESS continues to have a net positive cash balance holding $55.967m (2011: $48.925m).

IRESS has no formal debt facilities or lines of credit. In the broad day to day banking operations are unsecured.

IMPACT OF LEGISLATION AND OTHER EXTERNAL REQUIREMENTS

SIGNIFICANCE OF CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

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

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

Accounting Standards and Interpretations on issue but not yet effective are set out in Note 1t. The Directors have assessed the impact of the adoption of these Standards and Interpretations.

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

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or Committee Member). During the financial year, 5 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	5	5	–	–	4	4
Mr A Walsh	5	5	–	–	–	–
Mr B Burdett	2	1	2	1	–	–
Ms J Seabrook	5	5	5	5	4	4
Mr J Cameron	5	5	–	–	4	4
Mr J Hayes	5	5	5	5	–	–
Mr A D'Aloisio	3	3	2	2	–	–

Table 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 30 to the financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 42 of the full year financial statements.

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 Financial Report are rounded off to the nearest thousand dollars, and where possible, in the Directors' Report.

AUDITED REMUNERATION REPORT

This Remuneration Report provides details of IRESS' policy for determining the remuneration of Directors and Key Executives; the relationship between the policy and the performance of the company during the financial year; and the remuneration of Board Members and Key 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.

The remuneration report is set out under the following headings:

- Directors and Other Key Management Personnel details
- Policy and Structure:
    - Non-Executive Directors' remuneration
    - Executive Director and Key Executive remuneration
    - Relationship between company performance and remuneration
    - Share rights in 2012
    - Specific remuneration details
    - Outline of employment contracts for the Managing Director and Executives

DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL DETAILS

This remuneration report includes information on the remuneration of:

- the Directors of IRESS Limited, being:
    - Mr P Dunai (Chairman, member of the Nomination and Remuneration Committee);
    - Mr A Walsh (Managing Director);
    - Mr B Burdett (Non-Executive Director) (Resigned: 5 May 2012);
    - Ms J Seabrook (Non-Executive Director, Lead Independent Director, Chair of Nomination and Remuneration Committee, member of the Audit Committee);
    - Mr J Cameron (Non-Executive Director, member of the Nomination and Remuneration Committee);
    - Mr J Hayes (Non-Executive Director, Chairman of the Audit Committee); and
    - Mr A D'Aloisio (Non-Executive Director, member of the Audit Committee) (Appointed: 1 June 2012).
- and other key management personnel being:
    - Mr S Barnes (Chief Operating Officer);
    - Mr S Bland (Chief Financial Officer);
    - Mr P Ferguson (Group General Counsel and Company Secretary); and
    - Mr D Walker (Chief Technical Officer).

Collectively, the above other key management personnel represent the 'Key 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 at a general meeting, in accordance with the Company's Constitution. The aggregate amount is then apportioned between the Directors as agreed, taking into account market comparisons, the Director's responsibilities, and the time spent by the Non-Executive Directors on IRESS matters. Non-Executive Directors do not receive performance-based bonuses. Fees paid to Non-Executive Directors during 2012 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	$ (a)
Chairman	163,500
Chairman of the Audit Committee	92,375
Chair of the Nomination and Remuneration Committee / Lead Independent Director	92,375
Non-Executive Directors	80,000

Table 5

(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 2012.

There are no other schemes for retirement benefits for Non-Executive Directors. This is consistent with Principle 9.3 of the Australian Securities Exchange (ASX) Corporate Governance Guidelines.

EXECUTIVE DIRECTOR AND KEY 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 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.

Below is a high level view of the components making up Executive remuneration arrangements, each of which is examined in more detail on the following pages.

	FIXED ANNUAL REMUNERATION	SHORT TERM INCENTIVE REMUNERATION	LONGER TERM INCENTIVE REMUNERATION	
			DEFERRED SHARES/ DEFERRED SHARE RIGHTS	**PERFORMANCE RIGHTS**
Method of Remuneration	Cash	Cash	Equity	Equity
Measured Against	Benchmark	Performance Objectives	Performance Objectives	ASX200 excluding Mining and Property Trusts
Term	Annual	Annual	Typically 3 Years	Typically 3 Years
Timing	October	December	May	May

Table 6

Fixed annual remuneration

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

To ensure that fixed remuneration arrangements remain competitive, the fixed remuneration component of Executive remuneration is reviewed annually in October based on performance and market data. In 2012 there was no change to fixed annual remuneration. In 2011 the change for reported Executives was 6%.

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

- other positions within the Company so that internal relativities are maintained; and/or
- roles situated in companies 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 cash 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 Consolidated Entity performance and individual performance and contain measures of financial, non-financial and strategic outcomes which we assess for the current year in December. Achievement of performance objectives would entitle an Executive to a cash bonus paid in December and is taken into consideration in making long term incentive awards.

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 incentive arrangements outlined above, the following cash bonuses for Executive Directors and Key Executives were accrued during the year and paid in December 2012 after being reviewed and approved by the Board and Nomination and Remuneration Committee respectively.

	MAXIMUM STI THAT COULD BE EARNED	% ACHIEVED	% NOT ACHIEVED
	% OF BASE	**% OF BASE** (b)	**% OF BASE**
Mr A Walsh	50	37	13
Mr S Barnes	20	20	–
Mr S Bland	50	38	12
Mr P Ferguson	30	26	4
Mr D Walker (a)	–	43	7

Table 7

(a) While not stipulated in his employment contract, 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 2012 excluding superannuation.

For its Australian Key Executives the Company makes superannuation contributions on bonus payments at the statutory rate (subject to age based limits), 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 37 to 39 of the financial statements):

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

(collectively 'share rights').

The Managing Director, Executives and staff are eligible to participate in the Company's long term incentive arrangements.

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 strategic outcomes in terms of special achievements or requirements; future potential and succession planning requirements; and personal performance including achievement of the individual's short term objectives. Hedging of unvested share rights is prohibited.

Performance rights

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 vesting period (typically three years).

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 performance right arrangement is intended to assess performance over the measurement period generally, and closely link Executive interests with shareholders. Reflecting this view, the Employee Performance Rights Plan allows for six re-tests (monthly commencing one month after the initial measurement date). The Board considers re-testing is appropriate, as a single measurement date provides heightened exposure to the share price on a single date, and would result in unwarranted discounting by Executives.

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

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

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

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

Table 8

Deferred Share and Deferred Share Rights

The Employee Deferred Share Plan and the Employee Deferred Share Rights Plan were introduced in April 2008. 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. Deferred Shares and Deferred Share Rights are primarily allocated based on personal performance over the last financial year. Vesting of those Shares or Share Rights is dependent upon continued employment for the term of the security and acceptable individual performance.

Historically the vesting period for the Employee Deferred Share Plan and the Employee Deferred Share Rights Plan offers has been two years (unless another period was specified in the offer). During the 2012 year, Deferred Share Right and Deferred Share offers were made in a combination of two and three year terms, reflecting an intention to migrate the typical term for these share rights to a three year term from 1 January 2013.

RELATIONSHIP BETWEEN COMPANY PERFORMANCE AND REMUNERATION

The graph below outlines the relative share price performance of IRESS Limited over the five years to December 2012, compared to the S&P/ASX 200 Industrials index. Over the five years the IRESS share price had increased by 3.4% and the S&P/ASX 200 Industrials index had decreased by 26.1%. Further, during this period, IRESS has maintained its high dividend payout ratio.

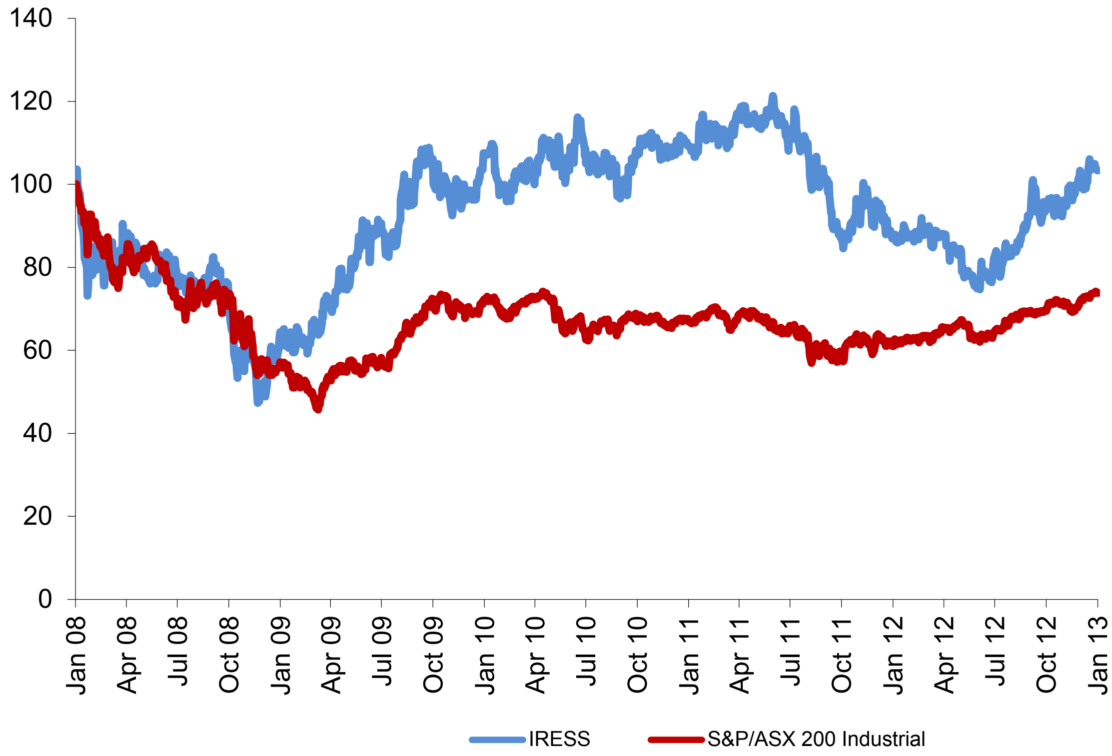


Table 9 (a)

(a) This chart is not the benchmark used in assessing performance rights.

An analysis of company performance over the five years to December 2012 is set out in the table below.

MEASURE (a)	31 DECEMBER 2008	31 DECEMBER 2009	31 DECEMBER 2010	31 DECEMBER 2011	31 DECEMBER 2012
Share price	513.0¢	855.6¢	869.6¢	693.0¢	824.0¢
Change in share price	(283.9¢)	342.6¢	14.09¢	(176.6¢)	131.0¢
Change in share price (%)	(35.6%)	66.8%	1.6%	(20.3%)	18.9%
Volume weighted average price for period	591.7¢	687.0¢	840.4¢	833.7¢	703.4¢
Dividend per share (b)	31.0¢	34.0¢	38.0¢(c)	38.0¢	38.0¢
Weighted average franking on ordinary dividends	100%	100%	100%(c)	85.6%	90%
Basic EPS	29.6¢	34.8¢	40.3¢	32.6¢	30.6¢
Segment profit (e) ($'000)	$76,491	$82,640	$79,493	$89,114	$83,405
Investment in New Business Units (d) ($'000)	–	($176)	($1,707)	($2,893)	($6,932)
Segment profit before investment in New Business Units ($'000)	$76,491	$82,816	$81,200	$92,007	$90,337

Table 10

(a) The share price figures in the table for the three 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 for 2010 has been adjusted to reflect value for the 3.5¢ special dividend paid in March 2011 as an increase to the franking percentage, rather than a heightened dividend per share.

(d) New Business Units comprise investments in the Financial Markets and Wealth Management businesses in Asia and the United Kingdom.

(e) Refer note 24 (Segment Information).

SHARE RIGHTS IN 2012

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

- The following table sets out the share rights granted by the Company as well as the share rights which vested during the year to Directors and Key Executives or a related body corporate of theirs.
- No share rights have been granted to Directors or Key Executives since the end of the year. Other than as noted below, no share rights granted to Directors or Key Executives have been cancelled during the year or since the end of the year. No rights that were granted in the year ended 2012 vested in 2012.
- 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 on retesting, 64% of performance rights eligible for vesting in May 2012 (which were issued in May 2009) vested. All deferred shares (issued in May 2010) vested.

DIRECTORS	APPLICABLE PLAN RULES (a)	SHARE RIGHTS GRANTED DURING THE YEAR	SHARE RIGHTS VESTED DURING THE YEAR	SHARE RIGHTS LAPSED DURING THE YEAR	AGGREGATE AMOUNT PAID $
Mr A Walsh	EPRP	160,000	64,000	36,000	1
	DSP	65,000	29,000	–	–
KEY EXECUTIVES					
Mr S Barnes	EPRP	25,100	–	–	1
	DSP	20,320	–	–	–
Mr S Bland	EPRP	47,220	29,440	16,560	1
	DSP	14,150	10,190	–	–
Mr P Ferguson	EPRP	15,970	–	–	1
	DSP	12,930	–	–	–
Mr D Walker	EPRP	51,670	26,880	15,120	1
	DSP	15,480	10,790	–	–

Table 11

(a) EPRP denotes Employee Performance Rights Plan (refer note 37), DSP denotes Deferred Share Plan (refer note 38). The exercise price was $1 in total for each series of performance rights exercised.

Further details of the performance rights, deferred shares and deferred share rights are set out in Notes 37 to 39 of the financial statements.

Share Rights exercised by Directors and key executives

During the financial year, all vested share rights were exercised. No vested shares for Directors or Key Executives remain unexercised at 31 December 2012.

Share Rights held by the Managing Director during the year

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

	GRANT DATE	NUMBER OF SHARE RIGHTS GRANTED	APPLICABLE PLAN RULES (a)	TOTAL SHARE RIGHTS CANCELLED/ LAPSED	FAIR VALUE ESTIMATE AT GRANT DATE (b)	PERFORMANCE RANKING DATE			TOTAL VESTED AND EXERCISED	TOTAL VALID OUTSTANDING (c)	% VESTED
						DATE (f)	**PERCENTILE RANKING (PR ONLY)**	**VESTED**			
DIRECTORS											
EXECUTIVE DIRECTOR											
Mr A Walsh	7-May-09	100,000	EPRP	36,000	$3.90	7-May-12	Third quartile	64,000	64,000	–	64%
	7-May-10	125,000	EPRP	–	$5.68	7-May-13	–	–	–	125,000	–
	7-May-10	29,000	DSP	–	$8.34	7-May-12	–	29,000	29,000	–	100%
	9-May-11	150,000	EPRP	–	$5.87	7-May-15	–	–	–	150,000	–
	9-May-11	30,000	DSP	–	$9.23	7-May-13	–	–	–	30,000	–
	9-May-11 (d)	150,000	EPRP	–	$5.79	7-May-15	–	–	–	150,000	–
	7-May-12	80,000	EPRP	–	$3.64	7-May-16	–	–	–	80,000	–
	7-May-12 (e)	80,000	EPRP	–	$3.56	7-May-16	–	–	–	80,000	–
	7-May-12	65,000	DSP	–	$6.18	7-May-15	–	–	–	65,000	–

Table 12

(a) EPRP denotes Employee Performance Rights Plan (refer note 37), DSP denotes Deferred Share Plan (refer note 38).

(b) The value of performance rights at grant date set out in the tables above is based on the external valuation advice from PricewaterhouseCoopers Securities Limited. The valuation has been made using a Monte Carlo simulation option pricing model using standard option pricing inputs such as the underlying share price, exercise price, expected dividends, expected risk free rates and expected share price volatility (refer Note 36 of the financial statements) as well as adjusting for the likelihood of achieving performance hurdles.

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

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

(e) This series of performance rights has a three year measurement period commencing 7 May 2013.

(f) For performance rights, the date shown is the earliest date for performance testing.

Share Rights held by Executives and staff during the year

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

	GRANT DATE	SHARE RIGHTS GRANTED	NUMBER OF PARTICIPANTS AT GRANT DATE	NUMBER OF CURRENT PARTICIPANTS	TOTAL SHARE RIGHTS CANCELLED / LAPSED	FAIR VALUE ESTIMATE AT GRANT DATE (a)	RANKING/ VESTING DATE (b)	RANKING (PR ONLY)	VESTED	TOTAL VESTED AND EXERCISED	TOTAL VESTED AND NOT EXERCISED	TOTAL VALID OUT-STANDING (c)	% VESTED
Performance rights	7-May-09	199,000	6	–	71,640	$3.90	7-May-12	Third quartile	127,360	127,360	–	–	64%
	7-May-10	252,650	13	11	43,140	$5.68	7-May-13	–	–	–	–	209,510	–
	9-May-11	267,640	13	11	44,290	$5.96	7-May-14	–	–	–	–	223,350	–
	7-May-12	401,650	15	15	–	$3.76	7-May-15	–	–	–	–	401,650	–
Deferred shares	7-May-10	540,230	220	–	31,760	$8.34	7-May-12	–	508,470	508,470	–	–	100%
	7-May-11	554,000	244	219	54,110	$9.23	7-May-13	–	–	–	–	499,890	–
	7-May-12	258,020	284	275	5,560	$6.18	7-May-14	–	–	–	–	252,460	–
	7-May-12	688,720	269	260	11,350	$6.18	7-May-15	–	–	–	–	677,370	–
	7-May-12 (d)	1,500	1	1	–	$6.18	7-May-14	–	–	–	–	1,500	
	7-May-12 (d)	9,843	1	1	–	$6.18	7-May-13	–	–	–	–	9,843	–
	7-May-12 (d)	9,843	1	1	–	$6.18	7-May-14	–	–	–	–	9,843	–
	7-May-12 (d)	15,468	1	1	–	$6.18	7-May-15	–	–	–	–	15,468	–
	7-May-12 (d)	35,785	3	3	–	$6.18	7-May-13	–	–	–	–	35,785	–
	7-May-12 (d)	47,713	3	3	–	$6.18	7-May-14	–	–	–	–	47,713	–
	7-May-12 (d)	53,677	3	3	–	$6.18	7-May-15	–	–	–	–	53,677	–
	7-May-12 (d)	161,032	3	3	–	$6.18	7-May-16	–	–	–	–	161,032	–

	GRANT DATE		SHARE RIGHTS GRANTED	NUMBER OF PARTICIPANTS AT GRANT DATE	NUMBER OF CURRENT PARTICIPANTS	TOTAL SHARE RIGHTS CANCELLED	FAIR VALUE ESTIMATE AT GRANT DATE (a)	RANKING/ VESTING DATE (b)	RANKING (PR ONLY)	VESTED	TOTAL VESTED AND EXERCISED	TOTAL VESTED AND NOT EXERCISED	TOTAL VALID OUT-STANDING (c)	% VESTED
Deferred share rights	7-May-10		71,280	17	–	5,870	$7.67	7-May-12	–	65,410	40,920	24,490	–	100%
	7-May-11		70,750	20	17	8,830	$8.49	7-May-13	–	–	–	–	61,920	–
	7-May-12		24,330	18	17	1,180	$5.55	7-May-14	–	–	–	–	23,150	–
	7-May-12		69,860	19	18	2,540	$5.26	7-May-15	–	–	–	–	67,320	–
	7-May-12	(d)	17,603	1	1	–	$5.86	7-May-13	–	–	–	–	17,603	–
	7-May-12	(d)	18,586	1	1	–	$5.55	7-May-14	–	–	–	–	18,586	–
	7-May-12	(d)	24,039	1	1	–	$5.26	7-May-15	–	–	–	–	24,039	–
	7-May-12	(d)	149,324	3	3	–	$5.86	7-May-13	–	–	–	–	149,324	–
	7-May-12	(d)	111,891	3	3	–	$5.55	7-May-14	–	–	–	–	111,891	–
	7-May-12	(d)	112,694	3	3	–	$5.26	7-May-15	–	–	–	–	112,694	–
	7-May-12	(d)	147,075	3	3	–	$4.99	7-May-16	–	–	–	–	147,075	–

Table 13

(a) The value of performance rights at grant date set out in the tables above is based on the external valuation advice from PricewaterhouseCoopers Securities Limited. The valuation has been made using a Monte Carlo simulation option pricing model using standard option pricing inputs such as the underlying share price, exercise price, expected dividends, expected risk free rates and expected share price volatility (refer Note 36) as well as adjusting for the likelihood of achieving performance hurdles.

(b) This is the scheduled vesting date for Deferred Shares and Deferred Share Rights. For Performance Rights the date shown is the first date for measurement of performance ranking.

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

(d) These share grants are linked to specific criteria associated with the establishment of the Consolidated Entity's operation in the United Kingdom and have 1, 2, 3 and 4 year vesting periods. The grants made are once off, and are outside the typical long term incentive arrangement for Executives and staff (refer Note 39). Share grants with same start and end dates have not been aggregated as the grants differ in their performance criteria for vesting.

Director and Key Executive shareholdings

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

	FULLY PAID ORDINARY SHARES (a)	UNVESTED PERFORMANCE RIGHTS	UNVESTED DEFERRED SHARES
DIRECTORS			
Mr P Dunai	900,000	–	–
Mr A Walsh	172,950	585,000	95,000
Ms J Seabrook	30,000	–	–
Mr J Cameron	20,000	–	–
Mr J Hayes	10,200	–	–
Mr A D'Aloisio	8,050	–	–
KEY EXECUTIVES			
Mr S Barnes	–	25,100	20,320
Mr S Bland	299,830	109,950	24,440
Mr P Ferguson	–	15,970	12,930
Mr D Walker	482,930	116,070	25,770

Table 14

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

SPECIFIC REMUNERATION DETAILS

Details of the remuneration of each Director and Key Executives prepared in accordance with statutory requirements and accounting standards are detailed on pages 35 to 38, and in addition details of the actual remuneration received by each Director and Key Executive are set out on pages 32 to 34.

Actual Remuneration

Actual remuneration, as set out on pages 32 to 34, is provided in addition to the statutory reporting of remuneration with a view to increasing transparency about what remuneration was actually received during the year.

Actual remuneration for this analysis has been calculated to include cash salary and fees, superannuation, non-cash benefits received during the year and the full value of incentive payments vested during the financial year calculated as at the date the entitlement was realised. Actual remuneration does not include the share based payments expense which reflects the amortised accounting value for share rights granted in the current and prior years which may or may not align with achieved outcomes.

		SHORT TERM EMPLOYMENT BENEFITS			POST EMPLOYMENT (a)		
		SALARY & FEES $	**BONUS $**	**NON-MONETARY $**	**SUPER-ANNUATION $**	**SHARE ENTITLEMENTS REALISABLE DURING THE YEAR $ (b)**	**TOTAL ACTUAL REMUN-ERATION RECEIVED $ (c)**
DIRECTORS							
EXECUTIVE DIRECTOR							
Mr A Walsh	2012	805,000	300,000	–	25,000	574,740	1,704,740
	2011	782,500	350,000	–	25,000	747,630	1,905,130
NON-EXECUTIVE DIRECTORS							
Mr P Dunai (e)	2012	150,000	–	–	13,500	–	163,500
	2011	150,000	–	–	13,500	–	163,500
Mr B Burdett (i)	2012	25,312	–	–	2,278	–	27,590
	2011	73,394	–	–	6,606	–	80,000
Ms J Seabrook	2012	84,748	–	–	7,627	–	92,375
	2011	84,748	–	–	7,627	–	92,375
Mr J Cameron	2012	73,394	–	–	6,606	–	80,000
	2011	73,394	–	–	6,606	–	80,000
Mr J Hayes	2012	84,748	–	–	7,627	–	92,375
	2011	47,263	–	–	4,254	–	51,517
Mr A D'Aloisio	2012	42,813	–	–	3,853	–	46,666

		SHORT TERM EMPLOYMENT BENEFITS			POST EMPLOYMENT (a)		
		SALARY & FEES $	**BONUS $**	**NON-MONETARY $**	**SUPER-ANNUATION $**	**SHARE ENTITLEMENTS REALISABLE DURING THE YEAR $ (b)**	**TOTAL ACTUAL REMUN-ERATION RECEIVED $ (c)**
FORMER DIRECTORS							
Mr J Killen (f)	2011	35,312	–	–	3,178	–	38,490
Total Non-Executive Directors remuneration	2012	461,015	–	–	41,491	–	502,506
	2011	464,111	–	–	41,771	–	505,882
Total Directors remuneration	2012	1,266,015	300,000	–	66,491	574,740	2,207,246
	2011	1,246,611	350,000	–	66,771	747,630	2,411,012
KEY EXECUTIVES							
Mr S Barnes (g)	2012	217,917	65,000	–	25,283	–	308,199
Mr S Bland	2012	366,258	138,000	1,592	25,000	244,913	775,764
	2011	350,315	162,000	1,523	25,000	544,570	1,083,408
Mr P Ferguson (d)	2012	240,000	62,000	330	20,569	–	322,899
	2011	127,385	45,000	–	15,515	–	187,900
Mr D Walker	2012	375,354	162,000	1,592	25,000	232,801	796,747
	2011	365,393	170,000	1,523	25,000	498,420	1,060,336

		SHORT TERM EMPLOYMENT BENEFITS			POST EMPLOYMENT (a)		
		SALARY & FEES $	**BONUS $**	**NON-MONETARY $**	**SUPER-ANNUATION $**	**SHARE ENTITLEMENTS REALISABLE DURING THE YEAR $ (b)**	**TOTAL ACTUAL REMUN-ERATION RECEIVED $ (c)**
FORMER KEY EXECUTIVES							
Mr J Davies (h)	2011	386,107	132,217	9,509	2,925	304,590	835,348
Ms K Gross	2011	296,385	155,000	1,321	28,585	410,735	892,026
Total Key Executive remuneration	2012	1,199,529	427,000	3,514	95,852	477,714	2,203,609
	2011	1,525,585	664,217	13,876	97,025	1,758,315	4,059,018
Total Directors and Key Executive remuneration	2012	2,465,543	727,000	3,514	162,343	1,052,454	4,410,855
	2011	2,772,196	1,014,217	13,876	163,796	2,505,945	6,470,030

Table 15

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

(b) Comprises shares arising on the exercise of performance rights and vesting of deferred shares during the year. Figures in this column are calculated by multiplying the number of share entitlements realised, by the share price prevailing on the date the entitlement is realised, notwithstanding that the underlying shares may not be beneficially held by the respective Director or Key Executive as the share may not have been withdrawn from the IRESS Market Technology Equity Plan Trust. Share price at vesting was $6.18 (2011: $9.23).

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

(d) 2011 amounts reflect the total remuneration received by Mr Ferguson since joining the company on 21 June 2011.

(e) Share grants vesting in Mr Dunai in 2011 primarily pertain to his prior role as Managing Director. In this capacity, $1,846,000 of deferred shares vested shares with Mr Dunai in 2011.

(f) Retired 5 May 2011.

(g) This figure reflects the total remuneration received by Mr Barnes since joining the company on 30 April 2012.

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

(i) Retired 3 May 2012.

Statutory Remuneration

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

		SHORT TERM EMPLOYMENT BENEFITS			POST EMPLOY-MENT (a)	SHARE BASED PAYMENTS					
		SALARY & FEES	BONUS	NON-MONETARY	SUPER-ANNUATION	EQUITY SETTLED SHARE RIGHTS EXPENSE	TOTAL REMUNERATION INCLUDING SHARE BASED PAYMENTS	% OF REMUNERATION CONSISTING OF SHARE BASED CONSIDERATION	VALUE OF SHARE BASED CONSIDERATION GRANTED DURING THE YEAR AT GRANT DATE	VALUE OF SHARE BASED CONSIDERATION EXERCISED DURING THE YEAR	VALUE OF SHARE BASED CONSIDERATION AT LAPSE DATE, WHERE LAPSED DURING THE YEAR
		$	$	$	$	$ (b)	$ (T)	% (c)	$ (d)	$ (e)	$
DIRECTORS											
EXECUTIVE DIRECTOR											
Mr A Walsh	2012	805,000	300,000	–	25,000	1,157,302	2,287,302	51	977,700	574,740	222,480
	2011	782,500	350,000	–	25,000	913,010	2,070,510	44	2,025,900	747,630	–
NON-EXECUTIVE DIRECTORS											
Mr P Dunai	2012	150,000	–	–	13,500	–	163,500	–	–	–	–
	2011	150,000	–	–	13,500	155,688	319,188	(f)	–	738,000	–
Mr B Burdett	2012	25,312	–	–	2,278	–	27,590	–	–	–	–
	2011	73,394	–	–	6,606	–	80,000	–	–	–	–
Ms J Seabrook	2012	84,748	–	–	7,627	–	92,375	–	–	–	–
	2011	84,748	–	–	7,627	–	92,375	–	–	–	–
Mr J Cameron	2012	73,394	–	–	6,606	–	80,000	–	–	–	–
	2011	73,394	–	–	6,606	–	80,000	–	–	–	–

		SHORT TERM EMPLOYMENT BENEFITS			POST EMPLOY-MENT (a)	SHARE BASED PAYMENTS					
		SALARY & FEES	**BONUS**	**NON-MONETARY**	**SUPER-ANNUATION**	**EQUITY SETTLED SHARE RIGHTS EXPENSE**	**TOTAL REMUNERATION INCLUDING SHARE BASED PAYMENTS**	**% OF REMUNERATION CONSISTING OF SHARE BASED CONSIDERATION**	**VALUE OF SHARE BASED CONSIDERATION GRANTED DURING THE YEAR AT GRANT DATE**	**VALUE OF SHARE BASED CONSIDERATION EXERCISED DURING THE YEAR**	**VALUE OF SHARE BASED CONSIDERATION AT LAPSE DATE, WHERE LAPSED DURING THE YEAR**
		$	**$**	**$**	**$**	**$ (b)**	**$ (T)**	**% (c)**	**$ (d)**	**$ (e)**	**$**
NON-EXECUTIVE DIRECTORS CONTINUED											
Mr J Hayes	2012	84,748	–	–	7,627	–	92,375	–	–	–	–
	2011	47,263	–	–	4,254	–	51,517	–	–	–	–
Mr A D'Aloisio	2012	42,813	–	–	3,853	–	46,666	–	–	–	–
FORMER DIRECTORS											
Mr J Killen (j)	2011	35,312	–	–	3,178	–	38,490	–	–	–	–
Total Non-Executive Directors remuneration	2012	461,015	–	–	41,491	–	502,506	–	–	–	–
	2011	464,111	–	–	41,771	155,688	661,570	–	–	738,000	–
Total Directors remuneration	2012	1,266,015	300,000	–	66,491	1,157,302	2,789,808	41	977,700	574,740	222,480
	2011	1,246,611	350,000	–	66,771	1,068,698	2,732,080	–	2,025,900	1,485,630	–
KEY EXECUTIVES											
Mr S Barnes (i)	2012	217,917	65,000	–	25,283	47,807	356,006	13	219,954	–	–
Mr S Bland	2012	366,258	138,000	1,592	25,000	263,114	793,965	33	264,994	244,913	102,341
	2011	350,315	162,000	1,523	25,000	268,066	806,904	33	279,975	544,570	–

		SHORT TERM EMPLOYMENT BENEFITS			POST EMPLOYMENT (a)	SHARE BASED PAYMENTS					
		SALARY & FEES $	BONUS $	NON-MONETARY $	SUPER-ANNUATION $	EQUITY SETTLED SHARE RIGHTS EXPENSE $ (b)	TOTAL REMUNERATION INCLUDING SHARE BASED PAYMENTS $ (T)	% OF REMUNERATION CONSISTING OF SHARE BASED CONSIDERATION % (c)	VALUE OF SHARE BASED CONSIDERATION GRANTED DURING THE YEAR AT GRANT DATE $ (d)	VALUE OF SHARE BASED CONSIDERATION EXERCISED DURING THE YEAR $ (e)	VALUE OF SHARE BASED CONSIDERATION AT LAPSE DATE, WHERE LAPSED DURING THE YEAR $
KEY EXECUTIVES CONTINUED											
Mr P Ferguson (g)	2012	240,000	62,000	330	20,569	30,419	353,318	9	139,955	–	–
	2011	127,385	45,000	–	15,515	–	187,900	–	–	–	–
Mr D Walker	2012	375,354	162,000	1,592	25,000	270,922	834,868	32	289,946	232,801	93,442
	2011	365,393	170,000	1,523	25,000	264,596	826,512	32	289,928	498,420	–
FORMER KEY EXECUTIVES											
Mr J Davies (h)	2011	386,107	132,217	9,509	2,925	168,245	699,003	24	176,948	304,590	–
Ms K Gross	2011	296,385	155,000	1,321	28,585	240,446	721,737	33	262,925	410,435	–
Total Key Executive remuneration	2012	1,199,529	427,000	3,514	95,852	612,263	2,338,157	26	914,848	477,714	195,782
	2011	1,525,585	664,217	13,876	97,025	941,353	3,242,056	29	1,009,776	1,758,015	–
Total Directors and Key Executive remuneration	2012	2,465,543	727,000	3,514	162,343	1,769,565	5,127,965	35	1,892,548	1,052,454	418,262
	2011	2,772,196	1,014,217	13,876	163,796	2,010,051	5,974,136	32	3,035,676	3,243,645	–

Table 16

(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 2012 represents a combination of share grants made in 2012 and prior years.

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

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

(e) Figures in this column are calculated by multiplying the number of share rights (from prior year grants) exercised by Directors and Executives during the year as well as any share rights which vested during the year by the share price prevailing on the date share rights were exercised, notwithstanding that the underlying shares may not be beneficially held by the respective Director or Executive as the shares may not have been withdrawn from the IRESS Market Technology Equity Plan Trust.

(f) Share grants vesting with Mr Dunai in 2011 primarily pertain to his prior role as Managing Director.

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

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

(i) This figure reflects the total remuneration received by Mr Barnes since joining the company on 30 April 2012.

(j) Retired 5 May 2011.

OUTLINE OF EMPLOYMENT CONTRACTS FOR THE MANAGING DIRECTOR AND EXECUTIVES

The Executives comprise the Key Executives plus the following Senior Group Executives:

- Mr J Davies (President & Chief Executive Officer, Financial Markets Canada)
- Ms K Gross (Executive General Manager, Financial Markets Australia and New Zealand)
- Mr J Hoang (Managing Director Asia)
- Mr A Knowles (Executive Product Manager, Wealth Management)
- Mr A Mendelowitz (Managing Director, Financial Markets EMEA) (a)
- Mr P Moretonas (Managing Director, Wealth Management South Africa)
- Mr R Pretorius (Managing Director, Financial Markets South Africa) (a)
- Ms K Squire (Executive Product Manager, Financial Markets)
- Mr M Thelwell (Managing Director, Wealth Management United Kingdom) (b)
- Ms T Vigilante (Executive General Manager Wealth Management Australia and New Zealand)

(a) Mr Mendelowitz and Mr Pretorius, or entities associated with them, are entitled to participate in additional future financial incentives arising from their role as vendors of Peresys (Proprietary) Ltd which was acquired by the Company in January 2011. All these transactions arose whilst they were not a related party and were part of arm's length negotiations.

(b) Mr Thelwell is a participant in long term share right incentive arrangements to facilitate the establishment of the Consolidated Entity's activities in the United Kingdom (refer page 29).

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

CRITERION	PARTICULARS
Length of contract	Open ended.
Notice period	Not less than 3 months.
Fixed remuneration	The fixed remuneration component consists of salary, statutory employer superannuation or retirement scheme contributions and benefits (primarily comprising health insurance). Any fringe benefit tax liability in respect to benefits is borne by the employing entity. (a)
Incentive arrangements	Eligible to participate in the employing entity's 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 additional financial entitlements due from the employing entity on retirement. Directors do have a discretion to make ex-gratia payments, for example if retirement were to occur during the year, then Directors may elect to make a pro-rata award under any applicable bonus or incentive plan, based on performance up to the date of retirement.

CRITERION	PARTICULARS
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 provides Income Protection Insurance where it is IRESS' local practice in that jurisdiction to make it available to staff generally.
Termination for serious misconduct	The employing entity may terminate the employment agreement at any time without notice and the Executive will only be entitled to accrued entitlements and vested share rights.
Termination and share grants	As noted above, 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.

Table 17

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

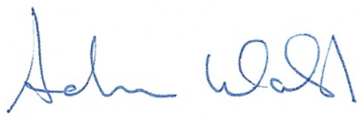
Details of the contractual terms for the Managing Director are broadly the same as set out for the Executives in the above table. Key points of difference are as follows:

CRITERION	PARTICULARS
Position	Managing Director.
Notice period	Not less than six months.
Restraint	A restraint arrangement exists during Mr Walsh's employment and for a period of six months post his employment.

Table 18

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, 20 February 2013

AUDITOR'S INDEPENDENCE DECLARATION

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

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

20 February 2013

Dear Board Members

Independence Declaration: IRESS Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of IRESS Limited.

As lead audit partner for the audit of the financial statements of IRESS Limited for the financial year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G J McLean
Partner
Chartered Accountants

CORPORATE GOVERNANCE

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

PRINCIPLE	DESCRIPTION	CORPORATE GOVERNANCE STATEMENT REFERENCE	STATUS
Principle 1	**Lay solid foundations for management and oversight** Companies should establish and disclose the roles and responsibilities of board and management.		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	1 Board Charter	Comply
1.2	Companies should disclose the process for evaluating the performance of senior executives.	1.2	Comply
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	4, 5 & Directors' Biographies & Directors' Report	Comply
Principle 2	**Structure the board to add value** Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.		
2.1	A majority of the board should be independent Directors.	4.3	Comply
2.2	The chair should be an independent Director.	4.3, 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.	2.5, 2.6	Comply
	The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.		Not Comply
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	2.5, 2.6, 2.7	Not comply
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	2.7	Comply
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	2, 13	Comply
Principle 4	**Safeguard integrity in financial reporting**		
	Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.		
4.1	The board should establish an audit committee.	10	Comply
4.2	The audit committee should be structured so that it: • consists only of Non-Executive Directors; • consists of a majority of independent Directors; • is chaired by an independent chair, who is not chair of the board; • has at least three members.	10.1, Audit Committee Charter	Comply
4.3	The audit committee should have a formal charter.	9.1	Comply
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	10 & Directors' Biographies & Directors' Report	Comply

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

PRINCIPLE	DESCRIPTION	CORPORATE GOVERNANCE STATEMENT REFERENCE	STATUS
Principle 8	**Remunerate fairly and responsibly** Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.		
8.1	The board should establish a remuneration committee.	9.1, 11, Nomination and Remuneration Committee Charter	Comply
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent Directors; • is chaired by an independent Director; and • has at least three members.	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

INTRODUCTION

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

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

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

1 BOARD RESPONSIBILITIES

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

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

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

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

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

2 ETHICAL STANDARDS AND DIVERSITY

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

- strives to do business with customers and suppliers of sound business character and reputation;
- strives to maintain the highest standard of ethical behaviour in business dealings and to behave with integrity in all dealings with customers, shareholders, government, employees, suppliers and the community;

- does not knowingly support any public or private organisation which espouses discriminatory policies or practices; and
- expects all employees to perform their duties with honesty, truthfulness and integrity.

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

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

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

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

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

2.7 As at 31 December 2012 approximately 33% of the aggregate employment base of the Company were women, and comprised 1 Director (out of a total of 6), 3 Executives (out of a total of 14) and 239 staff (out of a total of 709). 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 8.

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'. There was a short period during 2012 when the Board had only 5 Directors, following the retirement of Bill Burdett as Director on 5 May 2012 and the appointment of Tony D'Aloisio on 1 June 2012.

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 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 19, and is incorporated into this corporate governance statement by reference.

7.4 Other than as reported on page 20, no additional fees were paid to Directors for serving on sub–committees during the period. As members of management, Executive Directors, when appointed, do not receive any additional Directors' fee.

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

7.6 Further details regarding the remuneration paid to Directors and Key Executives of the Company and the group are set out in the Directors' Report on pages 19 to 41.

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 31 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 an Audit Committee and a Nomination and Remuneration Committee. The Company has adopted an Audit Committee Charter and a Nomination and Remuneration Charter to define the tasks and responsibilities delegated to these committees.

9.2 The Board periodically reviews the Audit Committee and Nomination and Remuneration Committee Charters. 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. 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 Hayes (Chair)
- Mr B Burdett (retired from the Board and Audit Committee 5 May 2012);
- Ms J Seabrook; and
- Mr A D’Aloisio (appointed 23 August 2012).

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 8.

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

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

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

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

11 NOMINATION AND REMUNERATION

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

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

11.3 The members of the Nomination and Remuneration Committee are:

- 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRESS LIMITED

Deloitte.

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We have audited the accompanying financial report of IRESS Limited, which comprises the Statement of Financial Position as at 31 December 2012, 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 56 to 126.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

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

AUDITOR'S RESPONSIBILITY

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IRESS LIMITED

AUDITOR'S INDEPENDENCE DECLARATION

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of IRESS Limited, would be in the same terms if given to the directors at the time of this auditor's report.

AUDITOR'S OPINION ON THE FINANCIAL REPORT

In our opinion:

(a) the financial report of IRESS Limited is in accordance with the Corporations Act 2001, including:

  i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2012 and of their 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 19 to 41 of the Directors' Report for the year ended 31 December 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report based on our audit conducted in accordance with Australian Auditing Standards.

AUDITOR'S OPINION

In our opinion the Remuneration Report of IRESS Limited for the year ended 31 December 2012, complies with Section 300A of the Corporations Act 2001.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G J McLean

Partner

Chartered Accountants

MELBOURNE, 20 February 2013

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 attached financial statements are in compliance with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in Note 1 of the financial statements; and

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

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

On behalf of the Directors

Mr A Walsh

Managing Director

MELBOURNE, 20 February 2013

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTE	CONSOLIDATED 2012 $'000	2011 $'000
Revenue from ordinary activities	2	207,476	204,758
Customer data fees		(22,129)	(21,885)
Communication and other technology expenses		(11,228)	(10,579)
Employee benefits expenses	3	(83,193)	(76,016)
Employee administration expenses	4	(3,807)	(3,162)
Other expenses including general administration expenses		(8,181)	(7,087)
Facilities rent		(3,444)	(3,188)
Bad and doubtful debts		(511)	(882)
Business acquisition and restructure expenses		(123)	(793)
Profit before depreciation, amortisation, interest and income tax expense		74,860	81,166
Depreciation and amortisation expense		(19,018)	(22,587)
Profit before interest and income tax expense		55,842	58,579
Interest revenue		1,263	1,795
Interest expense		(263)	(214)
Net interest	2	1,000	1,581
Profit before income tax expense		**56,842**	**60,160**
Income tax expense	5	(17,614)	(18,819)
Profit after income tax expense		**39,228**	**41,341**
Other comprehensive income		–	–
Exchange differences arising on translation of foreign operations		(846)	(5,754)
Total comprehensive income for the period		**38,382**	**35,587**
EARNINGS PER SHARE	6		
Basic earnings per share (cents per share)		30.646	32.644
Diluted earnings per share (cents per share)		30.402	32.589

Notes to the financial statements are included on pages 61 to 126.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	NOTE	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000
CURRENT ASSETS			
Cash and cash equivalent assets		55,967	48,925
Trade receivables	7	12,131	12,104
Other receivables	7	2,313	3,817
Current tax receivables	5	1,531	1,791
Other financial assets	8	–	668
Total current assets		**71,942**	**67,305**
NON-CURRENT ASSETS			
Plant and equipment	9	7,768	6,773
Computer software	10	24,993	39,369
Goodwill	11	39,383	40,137
Intangibles	11	3,081	4,707
Deferred tax assets	12	9,954	11,120
Other financial assets	13	42	46
Total non-current assets		**85,221**	**102,152**
Total assets		**157,163**	**169,457**
CURRENT LIABILITIES			
Trade payables	14	8,309	10,175
Other payables	14	6,075	6,025
Current tax payables	15	3,503	10,250
Provisions	16	3,956	3,927
Total current liabilities		**21,843**	**30,377**
NON-CURRENT LIABILITIES			
Provisions	17	6,462	9,802
Deferred tax liabilities	5	2,020	1,426
Total non-current liabilities		**8,482**	**11,228**
Total liabilities		**30,325**	**41,605**
Net assets		**126,838**	**127,852**
EQUITY			
Issued capital	18	75,898	75,898
Reserves	19	36,314	29,124
Retained earnings	20	14,626	22,830
Total equity		**126,838**	**127,852**

Notes to the financial statements are included on pages 61 to 126.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	CONSOLIDATED				
	ISSUED CAPITAL $'000	RETAINED EARNINGS $'000	SHARE BASED PAYMENTS RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	TOTAL $'000
2012					
Opening balance	75,898	22,830	39,184	(10,060)	127,852
Profit for the year	–	39,228	–	–	39,228
Increase/(decrease) in translation reserve arising on translation of foreign operations	–	–	–	(846)	(846)
Total comprehensive income for the year	**–**	**39,228**	**–**	**(846)**	**38,382**
Issue of share capital	–	–	–	–	–
Cost of share-based payments	–	–	8,455	–	8,455
Other reserves	–	419	(419)	–	–
Equity dividends	–	(47,851)	–	–	(47,851)
Closing balance	**75,898**	**14,626**	**47,220**	**(10,906)**	**126,838**
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**

Notes to the financial statements are included on pages 61 to 126.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

		CONSOLIDATED	
		INFLOWS (OUTFLOWS)	
	NOTE	2012 $'000	2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		226,497	218,584
Payments to suppliers		(66,974)	(62,513)
Payments to employees		(77,640)	(71,363)
Interest and bill discounts received		1,363	1,696
Interest paid		(91)	(214)
Income tax paid		(21,688)	(31,474)
Net cash provided by operating activities	23	**61,467**	**54,716**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(5,857)	(7,129)
Payment for software from Peresys	26	–	(39,335)
Payment for acquisition of subsidiaries	27	–	(3,412)
Deferred payment for acquisition of subsidiaries		(320)	–
Proceeds from/(payment for) investment in listed companies		4	5
Proceeds from sale of plant and equipment		2	26
Dividends received from Treasury Shares held by the IRESS Market Technology Equity Plan Trust		76	91
Net cash used in investing activities		**(6,095)**	**(49,754)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of equity securities		–	–
Dividends paid		(47,850)	(52,438)
Net cash used in financing activities		**(47,850)**	**(52,438)**
Net increase/(decrease) in cash held		**7,522**	**(47,476)**
Cash at the beginning of the financial year		48,925	99,063
Effects of exchange rate changes on the balance of cash held in foreign currencies		(480)	(2,662)
Cash at the end of the financial year		**55,967**	**48,925**

Notes to the financial statements are included on pages 61 to 126.

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

The financial statements were authorised for issue by the Directors on 20 February 2013.

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.

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 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 5 to the financial statements. Where the tax contribution amount recognised by each member of the tax consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(h) Intangible assets

Intangible assets acquired in a business combination

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

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

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

- Computer software 1 year to 5 years
- 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

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

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

(j) Impairment of assets

At each reporting date, the 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 37 to 39) 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 2012.

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" (December 2009)	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 127 "Separate Financial Statements" (2011)	Applies to annual reporting periods beginning on or after 1 January 2013
AASB 128 " Investments in Associated 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 periods beginning on after 1 July 2009
AASB 2011-2 "Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements"	Applies to annual reporting periods beginning on or after 1 July 2013
AASB 2011-4 "Amendments to Australian Accounting Standards to Remove Individual Key Management personnel Disclosure Requirements"	Applies to annual reporting periods beginning on or after 1 July 2013
AASB 2011-6 " Amendments to Australian Accounting standards – Extending Relief from Consolidation, the Equity method and Proportionate Consolidation – Reduced Disclosure Requirements"	Applies to annual reporting periods beginning on or after 1 July 2013
AASB 2011-7 "Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements statements"	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"	Applies to annual reporting periods beginning on or after 1 July 2012

AASB 2012-9 "Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039"	Applies to annual reporting periods beginning on or after 1 January 2013
AASB 2012-10 "Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments"	Applies to annual reporting periods beginning on or after 1 January 2013
AASB 2012-11 "Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments"	Applies to annual reporting periods beginning on or after 1 July 2013

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

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

(u) Use of estimates and judgements

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

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

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

- Goodwill

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

2 PROFIT BEFORE INCOME TAX EXPENSE

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

	CONSOLIDATED	
	2012 $'000	2011 $'000
REVENUE		
Sales revenue		
Rendering of services	206,743	204,526
Other revenue	733	232
	207,476	**204,758**
Interest revenue	1,263	1,795
Total revenues from ordinary activities	**208,739**	**206,553**
EXPENSES		
Net transfers to/(from) bad and doubtful debts provisions arising from		
Other entities	511	882
Depreciation of non–current assets		
Plant and equipment	4,272	2,931
Amortisation of non–current assets		
Computer software	13,223	18,018
Other intangibles	1,523	1,638
Operating lease rental expenses		
Minimum lease payments	4,169	4,277
Interest Expense (a)	263	214
Net foreign exchange (gain)/loss	946	575
Sales of assets in the ordinary course of business have given rise to the following (profits)/losses		
Plant and equipment	(8)	(6)

(a) Includes $0.172m (2011: $0.207m) non-cash interest expense recognised on deferred consideration payable on the Peresys transaction.

3 EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses can be broken down as follows

	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000
Total monetary based expense (a)	74,738	68,926
Share based payment expense (b)	8,455	7,090
Total employee benefit expense	**83,193**	**76,016**

(a) Total monetary based expense comprises salary and fees, bonuses, superannuation and other benefits. Contributions to superannuation and similar post employment arrangements amounted to $4.831m (2011: $4.350m) 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 2012 represents a combination of share grants made in 2012 and in prior years.

Share based payment expense consists of

	2012 $'000	2011 $'000
UK Establishment Share Grants (Note 36)	1,657	–
All other share rights	6,798	7,090
Total share based payment expense	**8,455**	**7,090**

An analysis of full time equivalent staff as at year end is as follows:

	2012 No.	2011 No.
Australia	432.6	412.2
Canada	55.5	54.2
South Africa	166.5	160.1
Asia	36.1	29.6
United Kingdom	13.4	3.0
Total full time equivalent staff	**704.1**	**659.1**

	CONSOLIDATED	
	2012 $'000	2011 $'000

4 EMPLOYEE ADMINISTRATION EXPENSES

Employee administration expenses can be broken down as follows

	2012 $'000	2011 $'000
Travel and accommodation	2,834	2,336
Communication	559	561
Other	414	265
Total administration expense	**3,807**	**3,162**

5 INCOME TAX

INCOME TAX RECOGNISED IN PROFIT OR LOSS

TAX EXPENSE COMPRISES

	2012 $'000	2011 $'000
Current tax expense/(income)	19,869	20,859
Adjustments recognised in the current year in relation to the current tax of prior years	(461)	(87)
Effect of changes in tax rates and laws	320	426
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	(2,063)	(3,033)
Effect of different tax rates	(51)	654
Total tax expense	**17,614**	**18,819**

	CONSOLIDATED	
	2012 $'000	2011 $'000
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows.		
Profit from continuing operations	56,842	60,160
Income tax expense calculated at 30%	17,053	18,048
Non deductible expenses / non assessable income	810	374
Deductible share based payment expenses not previously recognised		
Movements in issued / vested shares	255	(516)
Movements in cancelled share rights	(312)	(80)
Effect of different tax rates	(51)	654
Effect on deferred tax balances due to the change in income tax rate from 28.5% to 26.5% on our Canadian operations (2011: decrease from 32% to 28.5%)	320	425
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	(461)	(87)
Income tax expense	**17,614**	**18,819**

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

CURRENT TAX ASSETS

	2012 $'000	2011 $'000
Tax refund receivable attributable to		
Entities in the tax-consolidated group	1,493	1,731
Other entities	38	60
	1,531	**1,791**

CURRENT TAX PAYABLES

	2012 $'000	2011 $'000
Income tax payable attributable to		
Parent entity	(1,461)	(6,740)
Other entities	(2,042)	(3,510)
	(3,503)	**(10,250)**
	(1,972)	**(8,459)**

	CONSOLIDATED	
	2012 $'000	**2011 $'000**
DEFERRED TAX BALANCES		
DEFERRED TAX ASSETS COMPRISE		
Tax losses - revenue	567	4,379
Temporary differences	9,387	6,741
	9,954	**11,120**
DEFERRED TAX LIABILITIES COMPRISE		
Temporary differences	**(2,020)**	**(1,426)**

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

	CONSOLIDATED				
	OPENING BALANCE $000	CHARGED TO INCOME $000	ACQUISITIONS/ DISPOSALS $000	CHANGES IN TAX RATE $000	CLOSING BALANCE $000
2012					
GROSS DEFERRED TAX LIABILITIES					
Other financial assets	(7)	(301)	–	–	(308)
Sundry receivables	(5)	2	–	–	(3)
Provisions	(1,414)	(295)	–	–	(1,709)
	(1,426)	**(594)**	**–**	**–**	**(2,020)**
GROSS DEFERRED TAX ASSETS					
Doubtful debts	177	90	–	–	267
Other financial assets	1,437	487	–	–	1,924
Plant and equipment	3,286	1,440	–	(11)	4,715
Payables	586	(21)	–	–	565
Provisions	1,053	610	–	–	1,663
Other liabilities	202	51	–	–	253
	6,741	**2,657**	**–**	**(11)**	**9,387**
2011					
GROSS DEFERRED TAX LIABILITIES					
Other financial assets	19	2	(27)	(1)	(7)
Sundry receivables	(39)	34	–	–	(5)
Provisions	(1,411)	(3)	–	–	(1,414)
	(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**

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 Limited. The members of the tax-consolidated group are identified at Note 31. 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).

6 EARNINGS PER SHARE

	2012 CENTS PER SHARE	2011 CENTS PER SHARE
Basic earnings per share	30.646	32.644
Diluted earnings per share	30.402	32.589

BASIC EARNINGS PER SHARE

		2012 '000	2011 '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	$	39,228	41,341
Weighted average number of ordinary shares (a)	No.	128,004	126,642

(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	$	39,228	41,341
Weighted average number of ordinary shares (refer to footnote (a) above)	No.	129,033	126,856
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.	128,004	126,642
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.	1,029	214
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			

(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 2012 continues at that level through to the final vesting date for the applicable performance right.

No potential ordinary shares are deemed anti-dilutive (2011: Nil).

	CONSOLIDATED	
	2012 $'000	**2011 $'000**
7 CURRENT RECEIVABLES		
Trade receivables	13,153	12,731
Allowance for doubtful debts	(1,022)	(627)
	12,131	**12,104**
Sundry receivables and prepayments	2,313	3,817
	2,313	**3,817**
MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL DEBTS		
Opening balance	627	858
Additions	522	573
Provision acquired through business combination	–	62
Amounts written off as uncollectible	(127)	(866)
Closing balance	**1,022**	**627**

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 2012 showing receivables 'not impaired' and receivables 'considered impaired' is as follows.

	CONSOLIDATED NI (a)		CONSOLIDATED CI (b)	
	2012 $	**2011 $**	**2012 $**	**2011 $**
0 – 30 days	8,610	8,430	80	144
31 – 60 days	2,336	2,390	165	10
61 – 90 days	468	761	150	41
91+ days	717	523	627	432
Total	**12,131**	**12,104**	**1,022**	**627**

(a) NI – not impaired.
(b) CI – considered impaired.

8 OTHER CURRENT FINANCIAL ASSETS

	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000
Other assets	–	668

9 PLANT AND EQUIPMENT

CONSOLIDATED 2012

	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	**6,650**	**1,701**	**17,171**	**260**	**25,782**
Additions	703	267	4,387	–	5,357
Additions through business combination	–	–	–	–	–
Adjustment - fully written down assets (a)	(29)	(104)	(6,629)	(84)	(6,846)
Net foreign currency exchange differences	3	(28)	(158)	(7)	(190)
Disposals	–	(49)	(592)	(15)	(656)
Balance at end of financial year	**7,327**	**1,787**	**14,179**	**154**	**23,447**
ACCUMULATED DEPRECIATION					
Balance at beginning of financial year	**(5,783)**	**(1,452)**	**(11,575)**	**(199)**	**(19,009)**
Disposals	–	46	598	14	658
Net foreign currency exchange differences	1	20	70	7	98
Adjustment - fully written down assets (a)	29	104	6,629	84	6,846
Depreciation expense	(456)	(136)	(3,632)	(48)	(4,272)
Balance at end of financial year	**(6,209)**	**(1,418)**	**(7,910)**	**(142)**	**(15,679)**
NET BOOK VALUE					
At 31 December 2012	1,118	369	6,269	12	7,768

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

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	
	2012 $'000	2011 $'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	456	324
Furniture and fittings	136	121
Computer equipment	3,632	2,430
Office equipment	48	56
	4,272	**2,931**

10 COMPUTER SOFTWARE

	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000
GROSS CARRYING AMOUNT (COST)		
Balance at beginning of financial year	117,350	78,348
Additions (a)	2,227	41,052
Additions through business combination	–	64
Net foreign currency exchange differences	(59)	(587)
Adjustment – short term software licence (b)	(1,606)	(1,221)
Adjustment – fully written down software (c)	(21,357)	–
Disposals	(3,379)	(306)
Balance at end of financial year	**93,176**	**117,350**
ACCUMULATED AMORTISATION		
Balance at beginning of financial year	(77,981)	(62,173)
Adjustment – short term software licence (b)	1,606	1,221
Adjustment – fully written down software (c)	21,357	–
Disposals	–	305
Net foreign currency exchange differences	58	684
Amortisation expense	(13,223)	(18,018)
Balance at end of financial year	**(68,183)**	**(77,981)**
NET BOOK VALUE		
At 31 December	24,993	39,369
Aggregate amortisation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year	13,223	18,018

(a) Primarily made up of software acquired from Peresys (Proprietary) Limited for $39.335m in January 2011.
(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.

11 GOODWILL AND INTANGIBLES

GOODWILL GROSS CARRYING AMOUNT

	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000
BALANCE AT BEGINNING OF THE FINANCIAL YEAR	40,137	31,234
Additional amounts recognised from business combinations occurring during the period	–	12,896
Effect of foreign currency exchange differences	(754)	(3,993)
Balance at end of financial year	**39,383**	**40,137**

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 2012 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:

	2012 $'000	2011 $'000
Financial Markets – Canada (a) (b)	8,239	8,155
Financial Markets – South Africa (a) (b)	9,954	10,493
Wealth Management – Australia & New Zealand (a)	15,179	15,179
Wealth Management – South Africa (a) (b)	4,032	4,403
Wealth Management – Asia (a) (b)	1,979	1,907
Balance at end of financial year	**39,383**	**40,137**

(a) Refer Note 24 for a description of the operations of these cash generating units.
(b) Movement represents only net exchange rate differences arising during the period.

INTANGIBLES

CONSOLIDATED 2012	DATABASE $'000	CUSTOMER LIST $'000	OTHER $'000	TOTAL $'000
GROSS CARRYING AMOUNT (COST)				
Balance at beginning of financial year	1,540	5,969	38	7,547
Additions through business combination	–	–	–	–
Adjustment - fully written down assets (a)	–	(1,341)	(38)	(1,379)
Net foreign currency exchange differences	–	(238)	–	(238)
Balance at end of financial year	**1,540**	**4,390**	**–**	**5,930**
ACCUMULATED DEPRECIATION				
Balance at beginning of financial year	–	(2,802)	(38)	(2,840)
Net foreign currency exchange differences	–	135	–	135
Adjustment - fully written down assets (a)	–	1,341	38	1,379
Depreciation expense	–	(1,523)	–	(1,523)
Balance at end of financial year	**–**	**(2,849)**	**–**	**(2,849)**
NET BOOK VALUE				
At 31 December 2012	1,540	1,541	–	3,081

CONSOLIDATED 2011	DATABASE $'000	CUSTOMER LIST $'000	OTHER $'000	TOTAL $'000
GROSS CARRYING AMOUNT (COST)				
Balance at beginning of financial year	1,540	1,504	41	3,085
Additions through business combination	–	5,659	–	5,659
Net foreign currency exchange differences	–	(1,194)	(3)	(1,197)
Balance at end of financial year	**1,540**	**5,969**	**38**	**7,547**
ACCUMULATED DEPRECIATION				
Balance at beginning of financial year	–	(1,504)	(41)	(1,545)
Net foreign currency exchange differences	–	340	3	343
Depreciation expense	–	(1,638)	–	(1,638)
Balance at end of financial year	**–**	**(2,802)**	**(38)**	**(2,840)**
NET BOOK VALUE				
At 31 December 2011	1,540	3,167	–	4,707

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

IMPAIRMENT TESTING ASSUMPTIONS

The following assumptions were adopted in the assessment of indicators of impairment as at 31 December 2012 for each of the cash generating units; importantly these assumptions do not seek to represent Directors' valuations of these businesses:

- The recoverable amount of the cash generating unit has been determined based on a value in use calculation using cash flow projections which broadly track the financial outcomes contained in the long term strategic plan approved by the Board in October 2012.
- 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%.
- A nominal discount rate equating to 11% after tax.
- Where applicable the exchange rate prevailing as at 31 December 2012 continues.

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 (Proprietary) Limited, and now owned by the ultimate parent entity.

	CONSOLIDATED	
	2012 $'000	2011 $'000
12 DEFERRED TAX ASSETS		
Temporary differences attributable to		
Parent entity	5,715	5,504
Entities in the tax consolidated group (Note 31)	2,842	1,344
Other entities (a)	830	(107)
Tax losses – other entities	567	4,379
	9,954	**11,120**

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

13 OTHER NON-CURRENT FINANCIAL ASSETS

	2012 $'000	2011 $'000
Investment in shares at fair value	42	46

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	
	2012 $'000	2011 $'000
14 CURRENT PAYABLES		
Trade payables	8,309	10,175
	8,309	**10,175**
Sundry creditors and accruals	6,075	6,025
	6,075	**6,025**

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.

15 CURRENT TAX PAYABLES

	2012 $'000	2011 $'000
Income tax payable attributable to		
Parent entity	1,461	6,740
Other entities	2,042	3,510
	3,503	**10,250**

	CONSOLIDATED	
	2012 $'000	**2011 $'000**
16 CURRENT PROVISIONS		
Employee benefits (Note 25)	3,880	3,487
Dividends	42	41
Restructuring and termination costs	34	300
Provision for additional payment arising on the acquisition of subsidiaries	–	99
	3,956	**3,927**
DIVIDENDS		
Opening balance	41	39
Additional provisions recognised	47,851	52,440
Reductions arising from payments/other sacrifices of future economic benefits	(47,850)	(52,438)
Closing balance (a)	**42**	**41**
RESTRUCTURING AND TERMINATION COSTS		
Opening balance	300	36
Additional provisions recognised	–	264
Reductions arising from payments/other sacrifices of future economic benefits	(266)	–
Closing balance	**34**	**300**
PROVISION FOR ADDITIONAL PAYMENT ARISING ON THE ACQUISITION OF SUBSIDIARIES		
Opening balance	99	99
Reductions arising from payments/other sacrifices of future economic benefits	(99)	–
Closing balance	–	**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 2012, the balance represents unpresented dividend cheques.

17 NON-CURRENT PROVISIONS

	CONSOLIDATED 2012 $'000	CONSOLIDATED 2011 $'000
Employee benefits (Note 25)	4,226	3,891
Provision for third party software licence (a)	–	3,379
Provision for additional payment arising on the acquisition of subsidiaries	2,236	2,532
	6,462	**9,802**

(a) The provision for third party software was reclassified to Plant and Equipment and subsequently written off.

PROVISION FOR ADDITIONAL PAYMENT ARISING ON THE ACQUISITION OF SUBSIDIARIES

	2012 $'000	2011 $'000
Opening balance	2,532	–
Provision for additional payment arising on the acquisition of subsidiaries	–	3,872
Reductions arising from payments/other sacrifices of future economic benefits	(221)	(1,010)
Non-cash interest expense	172	207
Net foreign currency exchange difference	(247)	(537)
Closing balance	**2,236**	**2,532**

18 ISSUED CAPITAL

ISSUED CAPITAL

	CONSOLIDATED	
	2012 $'000	2011 $'000
128,620,231 fully paid ordinary shares (2011: 127,036,010)	75,898	75,898

FULLY PAID ORDINARY SHARE CAPITAL

	2012		2011	
	NO. '000	$'000	NO. '000	$'000
Balance at beginning of financial year	127,036	75,898	126,018	75,898
Issue of shares to IRESS Market Technology Equity Plan Trust ('Trust') pursuant to share plans (a)	1,584	–	1,018	–
Balance at end of financial year	**128,620**	**75,898**	**127,036**	**75,898**

(a) Additional issued capital arising from the issue of these shares in the years ended 31 December 2012 and 31 December 2011 amounted to $13 and $26 respectively.

The IRESS Market Technology Equity Plan Trust is a special purpose entity which is included in the Consolidated Entity for financial reporting. The Company provides funding to the Trust to support the Trust as part of its administrative role for the share plans, either by subscribing for shares in the Company or by buying shares on-market. Where the Trust subscribes for shares in the Company, the increase in the number of fully paid ordinary shares is recognised as an increase in the number of shares on issue, however the cash proceeds are not recognised as a monetary increase in total paid up capital.

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 Note 37).

Pursuant to performance rights granted in prior years which vested during the year, 172,210 shares (191,360 shares less 19,150 treasury shares) were subscribed for by the Trust.

DEFERRED SHARES

Pursuant to deferred shares granted to the Managing Director, Executives and employees during the year which have not yet vested (refer Note 38), 1,346,601 new shares were subscribed for by the Trust.

DEFERRED SHARE RIGHTS

Pursuant to deferred share rights granted to Executives and employees in prior years which vested during the year (refer Note 39), 65,410 shares were subscribed for by the Trust.

Following cancellations of share rights granted to employees, as at 31 December 2012, the Trust holds 72,750 treasury shares.

	CONSOLIDATED	
	2012 $'000	2011 $'000

19 RESERVES

RESERVES COMPRISE

	2012 $'000	2011 $'000
Share based payments reserve	47,220	39,184
Foreign currency translation reserve	(10,906)	(10,060)
	36,314	**29,124**

MOVEMENTS IN SHARE BASED PAYMENTS RESERVES

	2012 $'000	2011 $'000
Balance at beginning of financial year	39,184	32,094
Share based payments expense (Note 3)	8,455	7,090
Other reserves (a)	(419)	–
Balance at end of financial year	**47,220**	**39,184**

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

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

	2012 $'000	2011 $'000
Balance at beginning of financial year	(10,060)	(4,306)
Translation of foreign operations	(846)	(5,754)
Balance at end of financial year	**(10,906)**	**(10,060)**

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).

20 RETAINED EARNINGS

	2012 $'000	2011 $'000
Balance at beginning of financial year	22,830	33,929
Net profit attributable to members of the parent entity	39,228	41,341
Dividends provided for or paid	(47,851)	(52,440)
Other reserves (a)	419	–
Balance at end of financial year	**14,626**	**22,830**

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

21 PARENT ENTITY DISCLOSURE

	COMPANY	
	2012 $'000	2011 $'000
FINANCIAL POSITION		
ASSETS		
Current assets	61,591	96,254
Non current assets	134,045	78,961
Total assets	**195,636**	**175,215**
LIABILITIES		
Current liabilities	12,106	15,691
Non current liabilities	7,406	10,485
Total liabilities	**19,512**	**26,176**
EQUITY		
Issued capital	75,898	75,898
Retained earnings	53,006	33,957
Share based payments reserve	47,220	39,184
Total Equity	**176,124**	**149,039**
FINANCIAL PERFORMANCE		
Profit for the year	27,902	35,204
Total comprehensive income	**27,902**	**35,204**

CONTINGENT LIABILITIES

The parent entity has given a letter of support to ensure that the following wholly owned subsidiaries will meet their debts as and when they fall due.

IRESS Data Pty Ltd

IRESS Asia Holdings Ltd

IRESS Market Technology (Singapore) Pte Ltd

IRESS Technology Limited

Peresys (Proprietary) Limited

22 DIVIDENDS

	31 DECEMBER 2012		31 DECEMBER 2011	
	CENTS PER SHARE	TOTAL $'000	CENTS PER SHARE	TOTAL $'000
Recognised amounts				
Interim dividend	13.5 (a)	17,363	14.0 (a)	17,785
Final dividend (b)	24.0 (b)	30,488	24.0 (c) (d)	30,244
Special dividend unfranked	–	–	3.5	4,411
		47,851		**52,440**
Unrecognised amounts				
Final dividend	24.5 (e)	31,512	24.0 (b)	30,488
Special dividend unfranked	–	–	–	–
		31,512		**30,488**

(a) Franked to 90% at a 30% tax rate.
(b) Franked to 83% 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 90% at a 30% tax rate. The estimated value of the 2012 final dividend declared subsequent to 31 December 2012 has been calculated based on 128,620,231 ordinary shares, comprising shares on issue as at 31 December 2012.

	COMPANY	
	2012 $'000	2011 $'000
Adjusted franking account balance (a)	13,981	10,859

(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.

23 NOTES TO THE STATEMENT OF CASH FLOWS

	CONSOLIDATED	
	2012 $'000	2011 $'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		
Cash	**55,967**	**48,925**

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

	2012 $'000	2011 $'000
Profit for the period	39,228	41,341
(Profit)/loss on sale of non–current assets	(8)	(6)
Depreciation and amortisation of non–current assets	19,018	22,587
Doubtful debts expense	511	882
Net foreign exchange (gain) / loss	946	575
Equity settled share based payments	8,455	7,090
Increase/(decrease) in deferred tax balances	1,760	(4,862)
Changes in net assets and liabilities, net of effect of acquisitions		
(Increase)/decrease in assets		
current trade receivables	1,477	(4,424)
other current assets	1,954	(13,200)
Increase/(decrease) in liabilities		
current trade payables	(1,817)	2,940
other non–current liabilities	–	1,717
other provisions	(3,310)	1,017
current tax liability	(6,747)	(941)
Net cash from operating activities	**61,467**	**54,716**

24 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 South Africa with emerging businesses in Asia and the UK.

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 and South Africa with emerging businesses in Asia and the UK.

SEGMENT REVENUES

	EXTERNAL SALES	
	2012 $'000	2011 $'000
FINANCIAL MARKETS		
Australia & New Zealand	108,756	108,919
Canada	21,555	23,954
South Africa	15,709	15,320
Asia	789	1,061
United Kingdom	125	–
Total financial markets	**146,934**	**149,254**
WEALTH MANAGEMENT		
Australia & New Zealand	53,864	49,122
South Africa	5,545	5,991
Asia	195	159
United Kingdom	205	–
Total wealth management	**59,809**	**55,272**
Total of all segments	**206,743**	**204,526**
Unallocated	733	232
Revenue	**207,476**	**204,758**
Interest revenue	1,263	1,795
Eliminations	–	–
Consolidated	**208,739**	**206,553**

SEGMENT PROFITS / (LOSSES)

	2012 $'000	2011 $'000
FINANCIAL MARKETS		
Australia & New Zealand	54,216	56,289
Canada	6,271	8,197
South Africa	4,900	5,543
Asia	(2,337)	(1,454)
United Kingdom	(378)	–
Total financial markets	**62,672**	**68,575**
WEALTH MANAGEMENT		
Australia & New Zealand	23,366	20,289
South Africa	1,584	1,689
Asia	(1,632)	(1,320)
United Kingdom	(2,585)	(119)
Total wealth management services	**20,733**	**20,539**
Total of all segments	**83,405**	**89,114**
Share based payment expense (Note 3)	(8,455)	(7,090)
Other contribution	(90)	(858)
Earnings before interest, taxes, depreciation and amortisation	**74,860**	**81,166**
Depreciation and amortisation expense	(19,018)	(22,587)
Interest (a)	1,000	1,581
Profit before income tax expense	**56,842**	**60,160**
Income tax expense	(17,614)	(18,819)
Profit attributable to the members of the parent entity	**39,228**	**41,341**

(a) Includes $0.172m (2011: $0.207m) non-cash interest expense recognised on deferred consideration payable on the Peresys transaction, and other sundry contribution of $0.008m (2011: $0.006m).

SEGMENT ASSETS AND INFORMATION

	2012 $'000			2011 $'000		
	CASH	RECEIVABLES	PAYABLES	CASH	RECEIVABLES	PAYABLES
Australia & New Zealand	35,779	9,659	(6,458)	38,113	9,031	(8,745)
Canada	1,716	1,043	(700)	1,817	1,738	(901)
South Africa	14,735	1,114	(930)	8,729	1,312	(474)
Asia	2,292	158	(141)	266	23	(55)
United Kingdom	1,445	157	(80)	–	–	–
Total consolidated	**55,967**	**12,131**	**(8,309)**	**48,925**	**12,104**	**(10,175)**

OTHER SEGMENT INFORMATION

	CONSOLIDATED	
	2012 $'000	2011 $'000
DEPRECIATION & AMORTISATION		
Australia & New Zealand	15,767	19,893
Canada	672	577
South Africa	2,027	1,980
Asia	423	137
United Kingdom	129	–
Total	**19,018**	**22,587**
ADDITIONS TO PLANT AND EQUIPMENT		
Australia & New Zealand	3,022	4,113
Canada	558	557
South Africa	1,061	552
Asia	88	389
United Kingdom	628	–
Total	**5,357**	**5,611**
ADDITIONS TO SOFTWARE		
Australia & New Zealand (a)	2,153	40,991
Canada	–	–
South Africa	32	29
Asia	21	32
United Kingdom	21	–
Total	**2,227**	**41,052**

(a) In 2011, this balance was primarily made up of software acquired from Peresys (Proprietary) Limited for $39.335m.

	CONSOLIDATED	
	2012 $'000	2011 $'000
ADDITIONS TO PLANT AND EQUIPMENT THROUGH BUSINESS COMBINATIONS		
Australia & New Zealand	–	–
Canada	–	–
South Africa	–	211
Asia	–	–
United Kingdom	–	–
Total	**–**	**211**
TOTAL NON CURRENT ASSETS		
Australia & New Zealand	55,117	71,409
Canada	10,299	9,613
South Africa	16,759	18,818
Asia	2,502	2,312
United Kingdom	544	–
Total	**85,221**	**102,152**

25 EMPLOYEE BENEFITS

THE AGGREGATE EMPLOYEE BENEFIT LIABILITY RECOGNISED AND INCLUDED IN THE FINANCIAL STATEMENTS IS AS FOLLOWS		
Provision for employee benefits		
CURRENT (Note 16)		
Annual leave	3,880	3,487
NON CURRENT (Note 17)		
Annual leave	625	442
Long service leave	2,525	2,250
Deferred incentive (a)	1,076	1,199
Total	**8,106**	**7,378**

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

26 CONTINGENT LIABILITIES

Peresys (Proprietary) Limited (Peresys), a wholly owned subsidiary, has a potential exposure to fines arising from the processing of the company's change of year end to align with the IRESS group practice of using a 31 December year end. Peresys was acquired by IRESS in January 2011, and while forms to change its registered year end date to 31 December were lodged, they were not ultimately processed by the Registrar of Companies. As a result the financial year of Peresys for income tax purposes in South Africa was not automatically modified to 31 December. While Peresys has operated on basis the change was effective and has otherwise been compliant in terms of income tax payments, the mismatch means there is a possibility fines will levied by the South African Revenue Service. There are a number of factors which make assessment of the financial exposure difficult to estimate (under some scenarios there may be no fine at all), however the potential maximum fine was estimated as at 31 December 2012 to be in the order of ZAR 22m (AUD$2.5m). Management are working with the regulators to minimise our exposure.

27 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 2012, the total rental bank guarantees in place amounted to $3,370,484 (2011: $2,610,953).

	CONSOLIDATED	
	2012 $'000	**2011 $'000**
NON-CANCELLABLE OPERATING LEASES		
Not longer than 1 year	3,932	4,200
Longer than 1 year and not longer than 5 years	11,068	10,679
	15,000	**14,879**

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

MAKE GOOD PROVISIONS		
Current (a)	297	327
Non-current	–	–
	297	**327**

(a) This amount is included in Sundry creditors and accruals (Note 14).

28 ACQUISITION OF SOFTWARE IN 2011

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

29 ACQUISITION OF BUSINESSES IN 2011

PERESYS (PROPRIETARY) LIMITED

On 20 January 2011, the Company acquired 100% of Peresys (Proprietary) Limited ('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, the Company 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.

For the period from acquisition to 31 December 2011, Peresys 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. In 2012 a contingent liability arose as disclosed in Note 26.

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.

30 REMUNERATION OF AUDITORS

	CONSOLIDATED	
	2012 $'000	2011 $'000
Auditor of the parent entity (a)	236,600	225,000
Other audit services	52,325	–
Related practice of parent entity auditor (b)	76,898	44,859
	365,823	**269,859**

(a) The auditor of IRESS 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, Ireland and United Kingdom.

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

31 SUBSIDIARIES

NAME OF ENTITY	COUNTRY OF INCORPORATION / PRINCIPAL ACTIVITY	OWNERSHIP INTEREST 2012 %	OWNERSHIP INTEREST 2011 %
PARENT ENTITY			
IRESS Limited (a)	Australia		
SUBSIDIARIES			
IRESS (NZ) Limited (d)	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) Limited (c)	South Africa/Provision of financial market technology and related services	100	100
IRESS Technology Limited (c)	United Kingdom / Provision of financial market and financial planning technology and related services	100	100
Planning Resources Group Pty Ltd (e)	Australia / No active operations, currently receives small amount of passive income associated with former PlanTech business	100	100

(a) IRESS Limited is the head entity within the tax consolidated group.
(b) This company and its Australian subsidiaries (if any) are members of the tax consolidated group.
(c) Subsidiary provided with a letter of support from Parent entity.
(d) Formerly IRESS Market Technology (NZ) Limited. This name change occurred on 1 June 2012.
(e) Following the successful migration of wealth management clients from acquired subsidiaries/technologies across to IRESS Wealth Management Pty Ltd/ Xplan technology, several Australian subsidiaries were effectively dormant. Recognising this, a restructuring exercise was completed during the year, with a view to these now dormant entities being liquidated during 2013. One consequence of the restructure was ownership of this entity transferred from IRESS Wealth Management Pty Ltd to IRESS Limited.

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 2012 %	OWNERSHIP INTEREST 2011 %
PlanTech Holdings Pty Ltd (a)	Australia / Holding company for PlanTech companies below	100	100
IRESS Information Pty Ltd (a) (b)	Australia / Provider of risk (life insurance) information and PlanTech's financial planning services	100	100
VisiPlan Pty Ltd (a)	Australia / Provision of financial planning technology and related services	100	100
TransActive Systems Pty Ltd (a)	Australia / Provision of mortgage information and related services	100	100
Dealer Management Systems Pty Ltd (a)	Australia / Provision of financial planning technology and related services	100	100
FundData Pty Ltd (a)	Australia / Provision of financial planning technology and related services	100	100

(a) These companies are members of the tax consolidated group.

(b) Formerly PlanTech Consulting Group Pty Ltd. This name change occurred on 22 May 2012.

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 2012 %	OWNERSHIP INTEREST 2011 %
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 (a)	South Africa / Provision of financial planning technology and related services	100	100
IRESS Wealth Management (RSA) (Proprietary) Limited	South Africa / Dormant	100	100

(a) Advicenet Advisory Services (Pty) Limited is a subsidiary of Spotlight Wealth Management (Pty) Ltd.

IRESS Canada Holdings Limited holds the following controlled entities.

NAME OF BUSINESS ACQUIRED / INCORPORATED	COUNTRY OF INCORPORATION / PRINCIPAL ACTIVITY	OWNERSHIP INTEREST 2012 %	OWNERSHIP INTEREST 2011 %
IRESS (Ontario) Limited	Canada / Holding company	100	100
KTG Technologies Corp.	Canada / Dormant	100	100
IRESS Market Technology Canada LP	Canada / Provision of financial market technology and related services	100	100
IRESS (LP) Holdings Corp.	Canada / General partner to IRESS Market Technology Canada LP	100	100

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

NAME OF BUSINESS ACQUIRED / INCORPORATED	COUNTRY OF INCORPORATION / PRINCIPAL ACTIVITY	OWNERSHIP INTEREST 2012 %	OWNERSHIP INTEREST 2011 %
Sentryi Pte Ltd	Dormant	100	100

Peresys (Proprietary) Limited holds the following controlled entities.

NAME OF BUSINESS ACQUIRED / INCORPORATED	COUNTRY OF INCORPORATION / PRINCIPAL ACTIVITY	OWNERSHIP INTEREST 2012 %	OWNERSHIP INTEREST 2011 %
Peresys Derivatives (Proprietary) Ltd (a)	South Africa / Dormant	100	100
Peresys Software Limited	Ireland / Provision of services to Peresys (Proprietary) Ltd	100	100

(a) Wound up pursuant to Voluntary Deregistration effective 10 July 2012.

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

32 SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

33 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 2011.

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 18 to 20).

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

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

i) Conversion of each overseas entity results to their Australian dollar equivalent for financial reporting (Translation FX)

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

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

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

These exposures are described in greater detail below.

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

To assist users in understanding the impact exchange rate movements had on reported revenues from the year ended 31 December 2012 and 31 December 2011, the financial performance of business units (as set out in Note 24) can be viewed as follows:

	LC (a)	LOCAL CURRENCY (b)		TOTAL (AUD) (c)	
		2012 '000	2011 '000	2012 '000	2011 '000
TOTAL SEGMENT REVENUES					
FINANCIAL MARKETS					
Australia & New Zealand	AUD	108,756	108,919	108,756	108,919
Canada	CAD	22,356	24,606	21,555	23,954
South Africa	ZAR	132,936	114,210	15,709	15,320
Asia	AUD	789	1,061	789	1,061
United Kingdom	GBP	81	–	125	–
Total financial markets				**146,934**	**149,254**
WEALTH MANAGEMENT					
Australia & New Zealand	AUD	53,864	49,122	53,864	49,122
South Africa	ZAR	46,800	44,323	5,545	5,991
Asia	AUD	195	159	195	159
United Kingdom	GBP	133	–	205	–
Total wealth management				**59,809**	**55,272**
Total of all segments				**206,743**	**204,526**

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

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

(c) Reported segment revenues as reflected in Note 24.

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

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

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

	TOTAL LOCAL CURRENCY	
NET SUBSIDIARY INTERCOMPANY BALANCES BY CURRENCY	**2012 '000**	**2011 '000**
Payable / (receivable) by parent company		
AUD	(14,879)	(49,299)
NZD	(515)	319
CAD	(5,077)	(4,796)
ZAR	(32,665)	(31,950)
SGD	(4,617)	(3,042)
HKD	(607)	(3,484)
GBP	(1,150)	(50)

The Consolidated Entity does not hedge the effect of the exchange rate movements on these loans. These loans are interest bearing (refer Note 34).

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.

MOVEMENT IN EXCHANGE RATE TO AUD	COMPANY UNREALISED GAIN/(LOSS) 2012 AUD '000	2011 AUD '000
Strengthened by NZD cent	3	(2)
Weakened by NZD cent	(3)	2
Strengthened by CAD cent	47	43
Weakened by CAD cent	(48)	(44)
Strengthened by ZAR rand	4	5
Weakened by ZAR rand	(4)	(5)
Strengthened by SGD cent	28	17
Weakened by SGD cent	(29)	(18)
Strengthened by HKD cent	–	1
Weakened by HKD cent	–	(1)
Strengthened by GBP penny	27	1
Weakened by GBP penny	(28)	(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.

(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 14 for details regarding contractual maturity.

IRESS currently has surplus funds invested in highly liquid instruments. The Consolidated Entity as at 31 December 2012 does not hold any standing debt facilities (2011: 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.

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

2012	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	1 MONTH TO 3 MONTHS $ '000	3 MONTHS TO 1 YEAR $'000	1 YEAR TO 5 YEARS $ '000	MORE THAN 5 YEARS $ '000	TOTAL $'000
FINANCIAL ASSETS						
Cash at bank	3.0	55,967	–	–	–	55,967
Current receivables	–	12,131	–	–	–	12,131
Sundry receivables and prepayments	–	2,313	–	–	–	2,313
Tax receivable	–	–	1,531	–	–	1,531
Other financial assets	–	–	–	42	–	42
		70,411	**1,531**	**42**	**–**	**71,984**
FINANCIAL LIABILIITES						
Current trade payables	–	8,309	–	–	–	8,309
Sundry creditors and accruals	–	–	6,075	–	–	6,075
Tax payable	–	–	3,503	–	–	3,503
Provisions	–	–	3,956	6,462	–	10,418
		8,309	**13,534**	**6,462**	**–**	**28,305**

The following table details the Consolidated Entity's exposure to liquidity risk as at 31 December 2011

2011	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	1 MONTH TO 3 MONTHS $ '000	3 MONTHS TO 1 YEAR $'000	1 YEAR TO 5 YEARS $ '000	MORE THAN 5 YEARS $ '000	TOTAL $'000
FINANCIAL ASSETS						
Cash at bank	3.0	48,925	–	–	–	48,925
Current receivables	–	12,104	–	–	–	12,104
Sundry receivables and prepayments	–	3,817	–	–	–	3,817
Tax receivable	–	–	1,791	–	–	1,791
Other financial assets	–	–	668	46	–	714
		64,846	**2,459**	**46**	**–**	**67,351**
FINANCIAL LIABILIITES						
Current trade payables	–	10,175	–	–	–	10,175
Sundry creditors and accruals	–	–	6,025	–	–	6,025
Tax payable	–	–	10,250	–	–	10,250
Provisions	–	–	3,927	9,802	–	13,729
		10,175	**20,202**	**9,802**	**–**	**40,179**

(c) Interest Rate Risk

The cash of the Consolidated Entity comprises highly liquid deposits, generally bank 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 2012 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%	560

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 to the financial statements.

34 RELATED PARTY DISCLOSURES

(a) Equity Interests in Related Parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 31 to the financial statements.

(b) Key Management Personnel Disclosures

Details of key management personnel disclosures are set out in Note 35 to the financial statements.

(c) Transactions within the Wholly Owned Group

The wholly owned group includes:

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

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

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

During the financial year, the Consolidated Entity recognised a net payable of $2,000,013 (2011: receivable of $1,614,961) 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 $138,909 (2011: $161,322) or in local currency terms ZAR 1,175,987 (2011: ZAR 1,080,322).

(e) Transactions with ASX Limited

ASX Limited ('ASX') owns 24,750,029 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 2012 were $11,573,487 (2011: $12,194,966). Depending on the particular data set or service being subscribed for, these fees are typically based on either:

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

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

35 DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors and key management personnel

The Directors of IRESS Limited were:

- Mr P Dunai (Chairman, Member of the Nomination and Remuneration Committee);
- Mr A Walsh (Managing Director);
- Mr B Burdett (Non-Executive Director; resigned 5 May 2012);
- Ms J Seabrook (Non-Executive Director, Lead Independent Director, Chair of Nomination and Remuneration Committee, Member of the Audit Committee);
- Mr J Cameron (Non-Executive Director, Member of the Nomination and Remuneration Committee);
- Mr J Hayes (Non-Executive Director, Chairman of the Audit Committee); and
- Mr A D'Aloisio (Non-Executive Director, Member of the Audit Committee appointed 1 June 2012).

The Key Executives of the IRESS Limited Consolidated Entity during the year were:

- Mr S Barnes (Chief Operating Officer)
- Mr S Bland (Chief Financial Officer);
- Mr P Ferguson (Group General Counsel and Company Secretary); 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. Typically, the minimum notice period for any Executive is three months, and the maximum is six months. Except for termination payments arising from the circumstances outlined below, payments arising at the discretion of the board, or payments in lieu of notice, no termination payments are payable to Executives. Further details on employment terms for Executives are set out on pages 39 and 40.

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	
	2012 $'000 (a)	2011 $'000
Short term employee benefits	3,196,057	3,800,289
Post-employment benefits	162,343	163,795
Other long term benefits	–	–
Termination benefits	–	–
Share-based payments	1,769,565	2,010,051
	5,127,965	**5,974,135**

(a) There were 11 key management personnel throughout 2012, some of whom have a part year of service (2011:12).

(b) Director and key management personnel equity holdings

Fully paid ordinary shares issued by IRESS Limited to Directors and key management personnel or to a related party of them.

2012	OPENING BALANCE NO.	GRANTED AS COMPEN-SATION NO.	RECEIVED ON EXERCISING OF SHARE RIGHTS NO. (a)	NET OTHER CHANGE NO.	CLOSING BALANCE NO.	BALANCE HELD NOMINALLY NO.
DIRECTORS						
Mr P Dunai	890,000	–	–	10,000	900,000	–
Mr A Walsh	71,950	–	93,000	8,000	172,950	–
Ms J Seabrook	20,000	–	–	10,000	30,000	–
Mr J Cameron	–	–	–	20,000	20,000	–
Mr J Hayes	4,600	–	–	5,600	10,200	–
Mr A D'Aloisio	–	–	–	8,050	8,050	–
KEY EXECUTIVES						
Mr S Barnes	–	–	–	–	–	–
Mr S Bland	270,390	–	39,630	(10,190)	299,830	–
Mr P Ferguson	–	–	–	–	–	–
Mr D Walker	471,260	–	37,670	(26,000)	482,930	–

Fully paid ordinary shares issued by IRESS Limited to Directors and key management personnel or to a related party of them.

2011	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.
DIRECTORS						
Mr P Dunai	690,000	–	200,000	–	890,000	–
Mr A Walsh	70,950	–	81,000	(80,000)	71,950	–
Mr J Killen (c)	77,500	–	–	–	–	–
Mr B Burdett (d)	100,000	–	–	–	100,000	–
Ms J Seabrook	20,000	–	–	–	20,000	–
Mr J Cameron	–	–	–	–	–	–
Mr J Hayes	–	–	–	4,600	4,600	–
KEY EXECUTIVES						
Mr S Bland	220,390	–	59,000	(9,000)	270,390	–
Mr J Davies (b)	–	–	–	–	–	–
Mr P Ferguson	–	–	–	–	–	–
Ms K Gross	183,110	–	44,500	–	227,610	–
Mr D Walker	417,260	–	54,000	–	471,260	–

(a) This includes shares which may not be beneficially held by the Director or Executive as the shares have not been withdrawn from the IRESS Market Technology Equity Plan Trust. Where applicable, figures relate to a period a Director was a Director.

(b) Mr Davies receives ordinary shares on exercise of vested share rights. In 2011, there were no share rights that were exercised.

(c) Retired 5 May 2011.

(d) Retired 5 May 2012.

Performance Rights issued by IRESS 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)	CANCELLED DURING THE PERIOD NO.	CLOSING UNVESTED BALANCE NO.
2012					
DIRECTORS (a)					
Mr P Dunai	–	–	–	–	–
Mr A Walsh	525,000	160,000	(64,000)	(36,000)	585,000
KEY EXECUTIVES					
Mr S Barnes	–	25,100	–	–	25,100
Mr S Bland	108,730	47,220	(29,440)	(16,560)	109,950
Mr P Ferguson	–	15,970	–	–	15,970
Mr D Walker	106,400	51,670	(26,880)	(15,120)	116,070
2011					
DIRECTORS (a)					
Mr P Dunai	200,000	–	(200,000)	–	–
Mr A Walsh	281,000	300,000	(56,000)	–	525,000
KEY 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

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

(b) Upon vesting, performance rights are exercisable. With the exception of Mr Davies, all performance rights which vested during the relevant year were exercised prior to the year end in both 2012 and 2011.

Details of the terms and conditions of the Employee Performance Rights plan are set out in Note 37.

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

Deferred shares /deferred share rights issued by IRESS 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.
2012				
DIRECTORS				
Mr P Dunai	–	–	–	–
Mr A Walsh	59,000	65,000	(29,000)	95,000
KEY EXECUTIVES				
Mr S Barnes	–	20,320	–	20,320
Mr S Bland	20,480	14,150	(10,190)	24,440
Mr P Ferguson	-	12,930	–	12,930
Mr D Walker	21,080	15,480	(10,790)	25,770
2011				
DIRECTORS				
Mr P Dunai	–	–	–	–
Mr A Walsh	54,000	30,000	(25,000)	59,000
KEY 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

(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.

36 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 37 to 39 respectively.

MAY 2012 GRANTS

Effective from 7 May 2012, the Board issued share grants with a fair value of $14,066,153 (2011: $9,335,122) made up as follows:

- 160,000 and 65,000 (2011: 300,000 and 30,000) performance rights and deferred shares respectively to the Managing Director;
- 333,490, 142,090 and 17,580 (2011: 164,230, 49,820 and 10,010) performance rights, deferred shares and deferred share rights respectively to Executives;
- 68,160, 806,150 and 76,610 (2011: 103,410, 510,180 and 60,740) performance rights, deferred shares and deferred share rights respectively to employees of the Consolidated Entity; and
- 333,361 and 581,212 (2011: nil) deferred shares and deferred share rights respectively to certain employees in the United Kingdom associated with the establishment of the Consolidated Entities operations in the United Kingdom (UK Establishment Share Grants).

Deferred Shares and Deferred Share Rights will, subject to the satisfaction of individual performance criteria, vest in 2 and 3 years in accordance with the Employee Deferred Share Plan and Employee Deferred Share Rights Plan.

Performance Rights issued to the Managing Director were issued in two series as set out below and subject to the satisfaction of the peer group performance criteria, will vest in 4 years from the grant date (i.e. 7 May 2016) in accordance with the Employee Performance Rights Plan:

- 80,000 performance rights with measurement commencing May 2012 (2011: 150,000 measurement commencing May 2011)
- 80,000 performance rights with measurement commencing May 2013 (2011: 150,000 measurement commencing May 2012)

Performance Rights issued to Executives, subject to the satisfaction of the peer group performance criteria, will vest in 3 years in accordance with the Employee Performance Rights Plan. Only 3 year deferred shares grants were made to Executives in 2012.

The UK Establishment Share Grants are linked to specific criteria associated with the establishment of these businesses in the region and have 1, 2, 3 and 4 year vesting periods.

The UK Establishment Share Grants have an aggregate fair value of $5,215,630 (2011: nil), and are viewed as a once-off grant. The combination of the performance criteria applied to meet vesting requirements combined with the ultimate value being linked to the share price is intended to provide a close alignment to shareholder interests.

While vesting outcomes are weighted to years 3 and 4 for these grants, the UK Establishment Share Grants have modest interim vesting opportunities. Importantly, this means the actual share accounting expense is weighted more heavily to years 1 and 2. The UK Establishment Share Grants represented $1,657,474 (2011: nil) or 19.6 % (2011: nil) of the groups' total share based payments expense.

FAIR VALUE OF SHARE RIGHTS AVAILABLE DURING THE YEAR

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

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 31/12/12 % (c)	VALID OUTSTANDING 31/12/12
2009 Staff PR	7/05/2009	6.52	3.90	35.0%	4.3%	3.9%	A	No	36	64	–
2009 Staff DSR	7/05/2009	6.52	6.00	35.0%	4.3%	3.6%	B	No	24	100	–
2010 Staff PR	7/05/2010	8.34	5.68	35.0%	4.3%	5.0%	A	No	36	–	209,510
2010 Staff DSR	7/05/2010	8.34	7.67	35.0%	4.3%	4.7%	B	No	24	100	–
2010 Staff DS	7/05/2010	8.34	8.34	N/A	N/A	N/A	B	No	24	100	–
2010 MD PR	7/05/2010	8.34	5.68	35.0%	4.3%	5.0%	A	No	36	–	125,000
2010 MD DS	7/05/2010	8.34	8.34	N/A	N/A	N/A	B	No	24	100	–
2011 Staff PR	9/05/2011	9.23	5.96	30.0%	4.3%	5.2%	A	No	36	–	223,350
2011 Staff DSR	9/05/2011	9.23	8.49	30.0%	4.3%	5.1%	B	No	24	100	61,920
2011 Staff DS	9/05/2011	9.23	9.23	N/A	N/A	N/A	B	No	24	100	499,890
2011 MD1 PR	9/05/2011	9.23	5.87	30.0%	4.3%	5.2%	A	No	48	–	150,000
2011 MD2 PR – 4Yr	9/05/2011	9.23	5.79	30.0%	4.3%	5.2%	A	No	48	100	150,000
2011 MD DS	9/05/2011	9.23	9.23	N/A	N/A	N/A	B	No	24	100	30,000
2012 Staff PR	7/05/2012	6.18	3.76	30.0%	5.5%	2.77	A	No	36	100	401,650
2012 Staff DSR – 2Yr	7/05/2012	6.18	5.55	30.0%	5.5%	2.70	B	No	24	100	23,150
2012 Staff DSR – 3Yr	7/05/2012	6.18	5.26	30.0%	5.5%	2.70	B	No	36	100	67,320

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 31/12/12 % (c)	VALID OUTSTANDING 31/12/12
2012 Staff DS - 2 Yr	7/05/2012	6.18	6.18	N/A	N/A	N/A	B	No	24	100	253,960
2012 Staff DS – 3Yr	7/05/2012	6.18	6.18	N/A	N/A	N/A	B	No	36	100	677,370
2012 MD1 PR – 4Yr	7/05/2012	6.18	3.64	30.0%	5.5%	2.82	A	No	48	100	80,000
2012 MD2 PR – 4Yr	7/05/2012	6.18	3.56	30.0%	5.5%	2.82	A	No	48	100	80,000
2012 MD DS - 3Yr	7/05/2012	6.18	6.18	N/A	N/A	N/A	B	No	36	100	65,000
2012 UK DSR – 1Yr	7/05/2012	6.18	5.86	30.0%	5.5%	2.94	C	No	9	100	17,603
2012 UK DS - 1Yr	7/05/2012	6.18	6.18	N/A	N/A	N/A	C	No	9	100	9,843
2012 UK DSR – 2Yr	7/05/2012	6.18	5.55	30.0%	5.5%	2.70	C	No	21	100	18,586
2012 UK DS - 2Yr	7/05/2012	6.18	6.18	N/A	N/A	N/A	C	No	21	100	9,843
2012 UK DSR – 3Yr	7/05/2012	6.18	5.26	30.0%	5.5%	2.70	C	No	33	100	24,039
2012 UK DS – 3Yr	7/05/2012	6.18	6.18	N/A	N/A	N/A	C	No	33	100	15,468
2012 UK DSR – 1Yr	7/05/2012	6.18	5.86	30.0%	5.5%	2.94	C	No	12	100	149,324
2012 UK DS – 1Yr	7/05/2012	6.18	6.18	N/A	N/A	N/A	C	No	12	100	35,785
2012 UK DSR – 2Yr	7/05/2012	6.18	5.55	30.0%	5.5%	2.70	C	No	24	100	111,891
2012 UK DS – 2Yr	7/05/2012	6.18	6.18	N/A	N/A	N/A	C	No	24	100	47,713
2012 UK DSR – 3Yr	7/05/2012	6.18	5.26	30.0%	5.5%	2.70	C	No	36	100	112,694
2012 UK DS – 3Yr	7/05/2012	6.18	6.18	N/A	N/A	N/A	C	No	36	100	53,677

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 31/12/12 % (c)	VALID OUTSTANDING 31/12/12
2012 UK DSR – 4Yr	7/05/2012	6.18	4.99	30.0%	5.5%	2.77	C	No	48	100	147,075
2012 UK DS – 4Yr	7/05/2012	6.18	6.18	N/A	N/A	N/A	C	No	48	100	161,032

(a) PR refer Note 37, DS refer Note 38, DSR refer Note 39.

(b) A denotes series is benchmarked on modified ASX200 index. B denotes series is measured on ongoing employment and acceptable performance. C denotes series is measured on ongoing employment, acceptable individual performance and specific criteria associated with the establishment of these businesses in the region.

(c) Indicative vesting has been calculated based on ranking relative to the benchmark as at 31 December 2012. 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.

2012

	UNVESTED AS AT 1/1/12 OR GRANTED DURING YEAR '000	VESTED '000	CANCELLED / LAPSED '000	UNVESTED 31/12/12 '000
DIRECTOR - ANDREW WALSH				
2009 PR	100	(64)	(36)	–
2010 PR	125	–	–	125
2010 DS	29	(29)	–	–
2011 PR	150	–	–	150
2011 PR - 4Yr	150	–	–	150
2011 DS	30	–	–	30
2012 PR – 4Yr	80	–	–	80
2012 PR – 4Yr	80	–	–	80
2012 DS – 3Yr	65	–	–	65
EXECUTIVES & KMP				
2009 PR	146	(93)	(53)	–
2010 PR	155	–	–	155
2010 DSR	11	(11)	–	–
2010 DS	50	(50)	–	–
2011 PR	164	–	–	164
2011 DSR	10	–	–	10
2011 DS	50	–	–	50
2012 PR	333	–	–	333
2012 DSR – 3Yr	18	–	–	18
2012 DS – 3 Yr	142	–	–	142

	UNVESTED AS AT 1/1/12 OR GRANTED DURING YEAR '000	VESTED '000	CANCELLED / LAPSED '000	UNVESTED 31/12/12 '000
STAFF				
2009 PR	53	(34)	(19)	–
2010 PR	98	–	(43)	55
2010 DSR	60	(54)	(6)	–
2010 DS	462	(457)	(6)	–
2011 PR	103	–	(44)	59
2011 DSR	60	–	(8)	52
2011 DS	496	–	(46)	450
2012 PR	68	–	–	68
2012 DSR	24	–	(1)	23
2012 DSR – 3Yr	52	–	(3)	50
2012 DS	260	–	(6)	254
2012 DS – 3 Yr	547	–	(11)	535
UK ESTABLISHMENT SHARE GRANT				
2012 DSR - 1Yr	167	–	–	167
2012 DS – 1 Yr	46	–	–	46
2012 DSR	130	–	–	130
2012 DS	58	–	–	58
2012 DSR – 3Yr	137	–	–	137
2012 DS – 3 Yr	69	–	–	69
2012 DSR – 4Yr	147	–	–	147
2012 DS – 4Yr	161	–	–	161

Unless specified in the above table, DS and DSR have a two year term, and PR have a 3 year term.

The following table reconciles the Performance rights outstanding at the beginning and end of the year.

	2012	2011
PERFORMANCE RIGHTS	**NUMBER OF PERFORMANCE RIGHTS**	**NUMBER OF PERFORMANCE RIGHTS**
Balance at beginning of year	1,244,290	1,167,650
Granted during the year	561,650	567,640
Realisable during the year	(191,360)	(491,000)
Cancelled during the year	(195,070)	–
Balance at end of year	**1,419,510**	**1,244,290**

The following table reconciles the Deferred Shares outstanding at the beginning and end of the year.

	2012	2011
DEFERRED SHARES	**NUMBER OF DEFERRED SHARES**	**NUMBER OF DEFERRED SHARES**
Balance at beginning of year	1,117,170	1,121,338
Granted during the year	1,346,601	590,000
Realisable during the year	(535,490)	(553,848)
Cancelled during the year	(68,700)	(40,320)
Balance at end of year	**1,859,581**	**1,117,170**

The following table reconciles the Deferred Share rights outstanding at the beginning and end of the year.

	2012	2011
DEFERRED SHARE RIGHTS	**NUMBER OF DEFERRED SHARE RIGHTS**	**NUMBER OF DEFERRED SHARE RIGHTS**
Balance at beginning of year	141,090	164,600
Granted during the year	675,402	70,750
Realisable during the year	(65,410)	(93,320)
Cancelled during the year	(17,480)	(940)
Balance at end of year	**733,602**	**141,090**

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.

	2012		2011	
INCENTIVE PLAN (a)	**QUANTITY**	**WEIGHTED AVERAGE SHARE PRICE ($)**	**QUANTITY**	**WEIGHTED AVERAGE SHARE PRICE ($)**
May 2006 PR	–	–	15,000	9.07
May 2007 PR	33,000	7.80	8,000	9.07
May 2008 PR	20,000	7.90	271,000	9.20
August 2008 PR	–	–	200,000	8.15
May 2009 PR	191,360	8.05	–	–
May 2008 DSR	28,000	7.70	16,500	9.22
May 2009 DSR	17,580	7.76	26,100	8.65
May 2010 DSR	40,920	7.36	–	–
May 2009 DS	–	–	551,868	9.20
May 2010 DS	535,490	6.18	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.

37 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 index after excluding mining companies and listed property trusts. A peer company must have been in the ASX/S&P 200 companies index for the entire performance period (i.e. new entrants and companies dropping out of the ASX/S&P 200 companies index are excluded). The Company's ranking within that group of companies at the end of the relevant performance period determines the number of performance rights in the particular series that become exercisable (if any) on the following basis.

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

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.

Series

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

Performance rights granted in prior periods were eligible for exercise in series 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.

38 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 37.

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 prior to 2012 have a two year vesting period, and performance criteria requiring satisfactory individual performance during the vesting period. There is no benchmarking against an external peer group of companies with graduated vesting based on relative ranking, as is the case for performance rights.

Deferred shares issued in 2012 as part of the UK Establishment Share Grants have specific vesting criteria associated with the establishment of these businesses in the region.

39 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 38.

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 prior to 2012 have a two year vesting period, and performance criteria requiring satisfactory individual performance during the vesting period. As with deferred shares, there is no benchmarking against an external peer group of companies or graduated vesting based on relative ranking, as is the case for performance rights.

Deferred shares issued in 2012 as part of the UK Establishment Share Grants have vesting criteria associated with the establishment of these businesses in the region.

40 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 2012, 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.

The following information reflects shareholdings at 31 January 2013.

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	2,301	1,297,109	–	72	8
1,001 – 5,000	3,074	7,697,919	–	139	4
5,001 – 10,000	613	4,496,399	–	54	3
10,001 – 100,000	354	8,441,720	14	42	8
100,001 and over	34	106,687,084	4	2	3
Total	**6,376**	**128,620,231**	**18**	**309**	**26**

Number of shareholders with less than a marketable parcel 87.

ORDINARY SHARE CAPITAL

- 128,620,231 fully paid ordinary shares are held by 6,376 shareholders
- All issued ordinary shares carry one vote per share held

SHARE RIGHTS

- 1,419,510 performance rights held by 18 individual holders
- 1,859,581 deferred share held by 309 individual holders
- 733,602 deferred shares rights held by 26 individual holders
- Only deferred shares carry a right to vote

TREASURY SHARES

- 72,750 treasury shares
- Treasury shares have the right to vote and would be voted in accordance with the recommendation of the Directors.

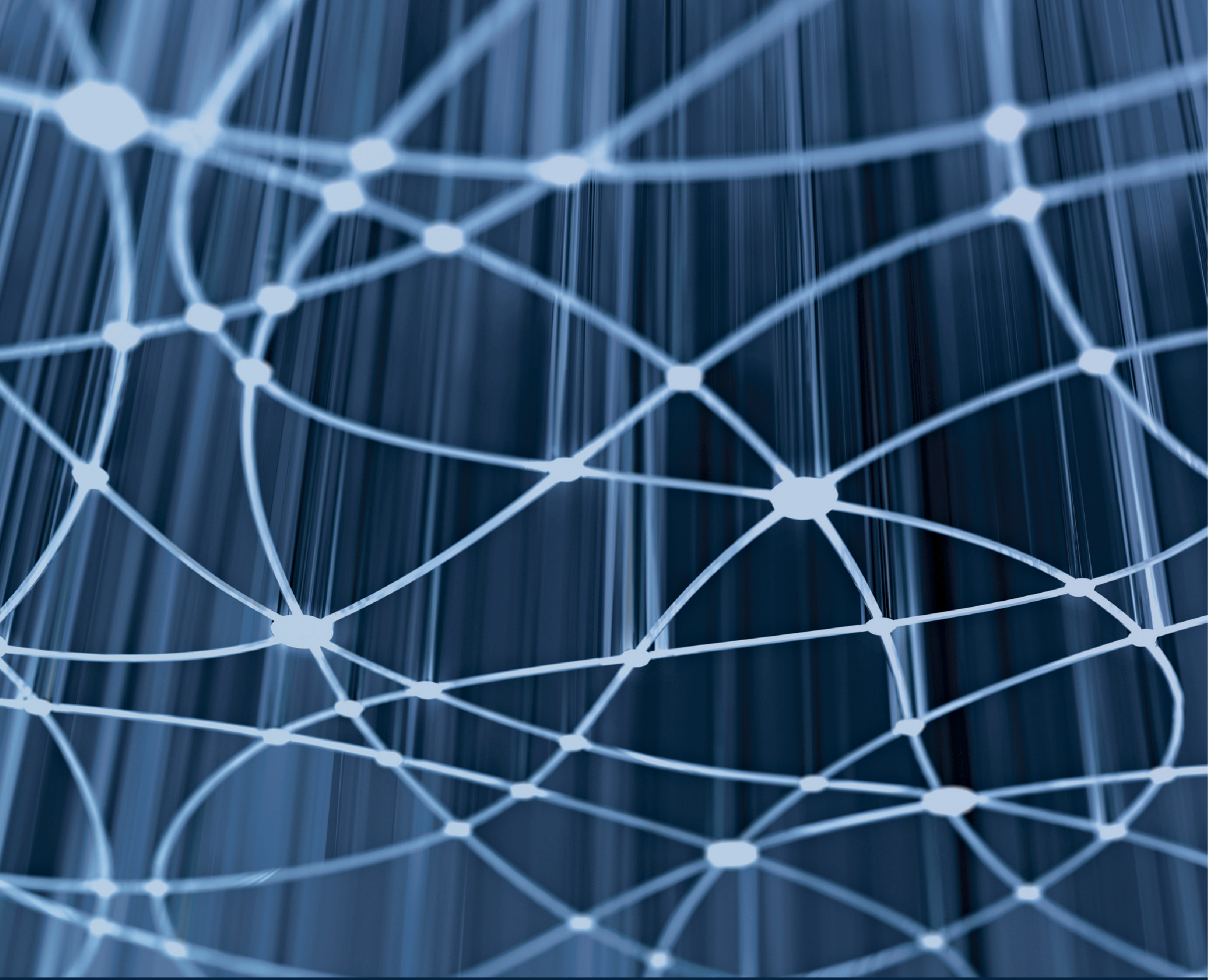
SHAREHOLDER INFORMATION

SUBSTANTIAL SHAREHOLDERS

ORDINARY SHAREHOLDERS	FULLY PAID	
	NUMBER	PERCENTAGE
ASX Limited	24,750,029	19.24%
Hyperion Asset Management Limited	15,349,992	11.93%
BlackRock Investment Management (Australia) Limited	6,577,657	5.11%
Vinva Investment Management Limited	6,496,612	5.05%
Total	**53,174,290**	**41.33%**

TWENTY LARGEST SHAREHOLDERS OF QUOTED EQUITY SECURITIES

ORDINARY SHAREHOLDERS	FULLY PAID	
	NUMBER	PERCENTAGE
ASX Limited	24,750,029	19.24%
JP Morgan Nominees Australia Limited	22,465,327	17.47%
National Nominees Limited	17,620,957	13.7%
HSBC Custody Nominees (Australia) Limited	9,596,829	7.46%
Citicorp Nominees Pty Limited	5,587,290	4.34%
Pacific Custodians Pty Limited <Equity Plans Trust A/C>	5,276,768	4.10%
BNP Paribas Nominees Pty Limited <DRP>	4,648,350	3.61%
BNP Paribas Nominees Pty Limited <Master Cust DRP>	2,963,295	2.30%
JP Morgan Nominees Australia Limited <Cash Income A/C>	2,213,086	1.80%
Australian Foundation Investment Company Limited	2,216,791	1.72%
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,251,360	0.97%
Mirrabooka Investments Limited	1,250,000	0.97%
Argo Investments Limited	791,884	0.62%
Navigator Australia Ltd <MLC Investment Sett A/C>	786,347	0.61%
UBS Wealth Management Australia Nominees Pty Ltd	536,517	0.42%
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A>	474,663	0.37%
SmallCo Investment Manager Ltd <The Cut A/C>	446,052	0.35%
HSBC Custody Nominees (Australia) Limited – GSCP ECA	417,569	0.32%
Invia Custodian Pty Limited <Best Superannuation P/L A/C>	363,250	0.28%
RBC Investor Services Australia Nominees Pty Limited <Piselect>	351,873	0.27%



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