



**ANNUAL
REPORT
2008**

iress

Contents

Highlights	1
Financial Summary	1
Chairman & Managing Director's Report	2
Directors' Report	5
Auditor's Independence Declaration	25
Corporate Governance Statement.....	26
Independent Auditors Report	35
Directors' Declaration	37
Income Statement.....	38
Balance Sheet.....	39
Statement of Changes in Equity	40
Cash Flow Statement	41
Notes to the Financial Statements.....	42
Shareholder Information.....	94

The Annual General Meeting

The Annual General Meeting of the Shareholders of IRESS Market Technology Limited will be held in the Board Room at Level 18, 385 Bourke Street, Melbourne 3000 on Thursday, 7 May 2009 at 12.00 midday.

(for full details and Proxy Form please refer to the separate document enclosed)

Directors

N Hamilton – Chairman
P Dunai – Managing Director
J Killen
B Burdett
J Seabrook

Company Secretary

S Bland

Registered Office

Level 18, 385 Bourke Street
Melbourne Vic 3000
Phone: (03) 9018 5800
Fax: (03) 9018 5844

Share Registry

Link Market Services Limited
Level 4
333 Collins St
Melbourne Vic 3000

Bankers

National Australia Bank Limited

Auditors

Deloitte Touche Tohmatsu

Solicitors

Mallesons Stephen Jaques

Stock Exchange Listing

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

Highlights

Consolidated profit from ordinary activities after income tax, adjusted for non-recurring items, for the twelve months ended 31 December 2008 was \$48.5 million, an increase of 24.3% on the previous year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) on an adjusted basis was \$76.5 million, an increase of 25.2% on the previous year, and basic earnings per share on an adjusted basis increased 20.0% to 40.252 cents per share. Reported profit after tax, which includes the impact of non-recurring/non-operating items, was \$35.6 million, compared with \$25.5 million last year.

Consistent with prior periods, the significant non-operating charges in 2008 related to the depreciation and amortisation of software arising on the acquisition of businesses. Collectively these charges had a pre-tax impact of \$14.802 million (2007: \$12.006 million). In addition to adjusting for these items, the above adjusted results are prior to inclusion of share based payment expenses.

Directors have declared a final dividend of 19.0 cents per share, which when combined with the first half dividend of 12.0 cents gives a total of 31.0 cents fully franked on each share, up from 26.0 cents in 2007, and representing a payout ratio of around 80% on full year adjusted earnings.

Financial Summary

12 months to 31 December 2008

	Consolidated 2008	Consolidated 2007
Total revenues (\$m)	165.095	135.447
Earnings before interest, tax, depreciation & amortisation (\$m)	71.463	55.549
Profit before income tax expense (\$m)	49.036	38.815
Profit attributable to the members of the parent entity (\$m)	35.623	25.477
Adjusted basic earnings per share (cents)	40.252	33.546
Dividend per share (cents)	31.0	26.0

Chairman and Managing Director's Report

Overview

We are pleased to announce a net profit after tax on an adjusted basis of \$48.5 million on revenue before interest income of \$163.8 million for the full year to December 2008. This represents profit growth of 24.3% and sales growth of 21.8% on the previous year. The calculation of adjusted results excludes certain large and non-recurring expenses, which in the twelve months to December 2008 primarily related to the amortisation of computer software arising on the purchase of businesses.

Adjusted basic earnings per share for the year is 40.252 cents, up 20.0% on the prior year figure. Directors have declared a final dividend of 19 cents per share. The dividend (in conjunction with the first half dividend) represents a payout ratio of approximately 80% of the full year's adjusted result.

The unadjusted results of the Company as shown in the Income Statement, shows a net profit after tax of \$35.6 million (2007: \$25.5 million).

Financial Markets (Australia and New Zealand)

Our core business of providing information and front office systems to the Australian and New Zealand equity and derivative markets continued to grow, with EBITDA on an adjusted basis up 12.3% (2007: 18.3%), although this growth was weighted to the first half of the year with EBITDA in the second half up a more modest 3.5%. Growth in the core business was spread widely across the client base and the product set, with particular highlights in percentage terms from the IRESS desktop, webIRESS, our portfolio products, IPS and FTS, and the IRESS Order System (IOS).

Some of the key highlights for the year were:

- Broad based growth of IRESS services over both buy and sell side clients although dampened by cancellations late in the second half. Cancellations were overwhelmingly due to client downsizing and negligible losses due to competitor impact.
- WebIRESS and IRESS Web Services won new business in both Australia and Singapore.
- IOS+ (an enhanced version of our multi-broker / multi-manager trading network) was further enhanced with an Australian institutional version now available, including a full connectivity bridge back to our existing IOS network.
- Penetration of IOS Retail further increased providing higher value-add (and more defensive positioning) on the retail sell-side.
- Further rollouts of our high speed, low latency FIX+ product which, when used in conjunction with our IOS+ product, offers our clients a unique level of performance, compliance and reliability for FIX direct market access (DMA) business activities.
- Enhanced buy-side order management system (OMS) is in production with first clients and will facilitate management of regional investment mandates.
- Growing presence with retail portfolio administration services and strong demand from portfolio administrators and managed account operators for IPS and FTS+ (our buy-side order management system offering integrated multi-asset/multi-currency asset management, tax, reporting, modelling, order management and compliance).
- Our comprehensive portfolio product IPS (which is a managed tax based portfolio product including corporate actions history, modelling and integrated managed account features) continued to gain customers.
- Multi market compatible trading terminal product (OTW) is now in production with first clients.

Business Outlook

The early months of 2009 have seen continued higher levels of cancellations as clients rationalise their operations. We continue to sell new services to both existing and new clients, although this has not fully offset reductions. Assuming similar market conditions prevail we expect revenue for the first half to fall modestly although remaining above levels in the first half of 2008. Assuming unchanged conditions we anticipate maintaining the EBITDA levels of the second half of 2008 into the first half of 2009.

Chairman and Managing Director's Report

Financial Markets (Canada)

In 2008 our Canadian operations made substantial progress. The significant revenue gains in late 2007 and early 2008 has seen a dramatic change in the contribution from our Canadian operations as they moved from an EBITDA loss (on an adjusted basis) of over half a million (CAD) in 2007, to a very material contribution in 2008 of over \$4.1m (CAD). The majority of the revenue gain stemmed from the successful conversion of Reuters CX users to the IRESS replacement products, although we continued to see organic growth throughout the year but reducing in the later part of the second half as the financial crisis deepened.

Some of the key highlights for the year were:

- New exchanges – ALPHA, OMEGA, PURE and CHI-X are all now in production with our smart router providing 'best execution'.
- Successfully met the significant challenges faced by all participants resulting from rapidly rising transaction volumes.
- The IRESS and KTA+ services continue to be enhanced to meet customer needs.
- FIX Plus high speed DMA solution continues to be enhanced.
- Development and certification continued on interfaces to clients' proprietary algorithmic trading interfaces
- All legacy infrastructure associated with the KTA product (KTA is the original technology business IRESS acquired via the initial joint venture with ITG Inc. in Canada) now fully retired. The KTA+ workstation provides easy user migration and runs on IRESS technology, lowering costs and simplifying support

Business Outlook

The early months of 2009 have seen a modest net revenue increase, with a price rise and new revenue offsetting underlying cancellations as clients have rationalised their operations. On balance we expect client rationalisation to continue in the coming months which, in the absence of further deterioration in conditions, is likely to produce a flat or slightly positive EBITDA and revenue outcome for the first half. Beyond that we expect the product initiatives that are underway will, when industry conditions improve, support material revenue growth in the longer term.

Wealth Management (Australia, New Zealand and South Africa)

Our wealth management business materially expanded its contribution to the group with operating revenue up 36.6% to \$44.953 million (2007: 32.913 million) and after tax profit on an adjusted basis of \$9.602 million (2007: \$7.914 million). This result was achieved on the back of a full year contribution from VisiPlan (acquired April 2007) and Spotlight (July 2008), combined with further smaller acquisitions during the year and strong and consistent organic revenue growth throughout the year.

Some of the key highlights for the year were:

- The TransActive debt qualification and analytics tools (acquired in May 2008) were fully integrated into XPLAN attracting strong interest from financial planners to further broaden their service offering.
- The eApplication module for our financial adviser desktops based on FundClick (acquired in August 2008) became available in production, and has been extended to support the Lending Industry XML Standard ('LIXI').
- Data feed management was consolidated into IRESS' centralised data feed infrastructure providing enhanced scalability and flexibility delivering real benefits and efficiencies to clients.
- Continued enhancement of VisiPlan for VisiPlan clients.
- CommPay commission management and dealer-pay system (a rules based commission system which assists in management of dealer and adviser remuneration) is in production as an integrated component of XPLAN and VisiPlan. Our position as leading revenue management software solutions provider was augmented through acquisition of Dealer Management Systems (DMS).
- XPLAN suitable for use in South Africa was finalised in the second half of 2008 in preparation for a key major client to commence rollout in mid 2009. With our large installed user base and strong customer relationships, there is significant client interest in XPLAN in South Africa for both technological and functional benefits.

Chairman and Managing Director's Report

Business Outlook

Australian and New Zealand wealth management revenue growth continued into the second half, with peripheral client cost-cutting coming through very late in the half and early 2009. It seems likely a similar mix of influences will prevail through 2009 suggesting stable to modestly growing revenue outcomes. Notwithstanding this, organic opportunities in Australia, New Zealand and South Africa remain strong to support medium-term growth for wealth management.

Outlook

Our strategy, as in previous years, is to focus on adding value and local tailoring to all segments of our client base, avoiding where possible commodity product status. Consequently, we believe the full package of services we provide across our operational businesses represents excellent value to our customers.

During the second half of 2008, growth in all our businesses weakened as the financial crisis deepened and trading in the early months of 2009 has been challenging, particularly in the Financial Markets division as clients continue to downsize and cut costs. However we are still seeing new revenue growth which, combined with a focus on our costs, moderates the impact of these reductions. While competitors continue to remain active amongst our client base, often at the relatively basic end of our product range, overwhelmingly cancellations by clients has been due to downsizing not switching to competitors. More generally we see opportunities for the company to enhance its position strategically in these difficult times as the scale and stability of our operations proves attractive to customers where less substantial players may struggle. The highly integrated and fully managed nature of both our financial markets and wealth management offerings should provide a strong basis for clients to retain our services, possibly in preference to standalone offerings, as clients look to manage their total software and technology costs.

Acknowledgements

It is fully recognised that the success of IRESS is largely a result of the dedication and commitment of our staff, to whom we offer our sincere thanks.

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 P Dunai
Managing Director



Mr N Hamilton
Chairman

Directors' Report

The Directors of IRESS Market Technology Limited submit herewith the annual financial report for the financial year ended 31 December 2008. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows.

Board of Directors

The names and particulars of the Directors of the Company during or since the end of the financial year are

Name	Particulars
Mr N Hamilton	Chairman, aged 56, joined the Board in 2000 and is Chairman of Mount Gibson Iron Limited, Northern Iron Limited, and a director of Metcash Limited and Programmed Maintenance Services Limited.
Mr P Dunai	Managing Director, a founding shareholder in the Company, aged 49, joined the Board in 1993 and has served as Managing Director since that time.
Mr J Killen	Non-executive director, Chairman of the Audit Committee, aged 63, joined the Board in 2000 and is Chairman of Equity Trustees Limited; and a director of Catholic Church Insurances Ltd, Templeton Global Growth Fund Ltd and CCI Investment Management Ltd.
Mr A Richards	Non-executive director, member of the Audit Committee, aged 71, joined the Board in 2001 and retired in April 2008.
Mr B Burdett	Non-executive director, member of the Audit Committee, aged 69, joined the Board in 2006 and is Chairman of Neurosciences Victoria Ltd, and a director of the Victorian Neurotrauma Institute Pty Ltd, the Australian International Health Institute, and Investment Technology Group Inc, a New York Stock Exchange listed company.
Ms J Seabrook	Non-executive director, member of the Audit Committee, aged 52, joined the Board in August 2008 and is a special advisor to Gresham Partners Limited, a director of Iluka Resources Limited, Bank of Western Australia Ltd, Electricity Networks Corporation trading as Western Power and M. G. Kallis Holdings Pty Limited. She is also a member of the Federal Government's Takeovers Panel, the Corporate Finance Advisory Group for the Financial Services Institute of Australia, and ASIC's external advisory group.

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

- Mr A Richards – retired 30 April 2008; and
- Ms J Seabrook – appointed 20 August 2008.

Company Secretary

The name and particulars of the Company Secretary of the Company during and since the end of the year are

Name	Particulars
Mr S Bland	Chief Financial Officer and Company Secretary, aged 44, joined the Company in 2001 and has held his current position since then. He is a nominee director for all wholly owned subsidiaries.

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 and Canadian domestic equity participants, and wealth management professionals in Australia, New Zealand and South Africa.

Directors' Report

Review of Operations

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

- continued organic revenue growth of the information services business in Australia and New Zealand, primarily from increased market data services for both IRESS and webIRESS, as well as sales of trading related systems and services, in particular IOS, IPS, and FIX;
- continued strong growth in recurring subscription revenues for our Wealth Management product in Australia and New Zealand (XPLAN, VisiPlan and PlanTech), including positive contributions from the TransActive business acquired in May 2008, and the Dealer Management Services ('DMS') business acquired in August 2008;
- an increase in operating costs associated with headcount growth, particularly in the Wealth Management segment (primarily through the full year effect of prior year acquisitions and from the TransActive and DMS acquisitions), as well as increases in data provider and communication and technology fees;
- following significant revenue gains at the end of 2007 and early 2008 the Canadian operations moved into profit. This resulted in a maiden profit result for the six months to June 2008, and which continues to be the case.

The reported net profit after tax was \$35.6m, a 39.7% increase on reported profits for the same period last year. Impacting on comparability of results for 2008 and 2007 are:

- a) the full period impact of the VisiPlan acquisition made in April 2007;
- b) the part year impact of the acquisitions of TransActive in May 2008 and DMS in August 2008; and
- c) the favourable impact on tax expense arising from the changes to the structuring of the Company's employee share plan.

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 other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future Developments

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

Dividends

In respect of the financial year ended 31 December 2007, as detailed in the Directors' Report for that financial year, a final dividend of 16.0 cents per share franked to 100% at 30% corporate tax rate was paid to the holders of fully paid ordinary shares on 28 March 2008.

In respect of the financial year ended 31 December 2008, an interim dividend of 12.0 cents per share franked to 100% at 30% corporate tax rate was paid to the holders of fully paid ordinary shares on 30 September 2008.

In respect of the financial year ended 31 December 2008, the Directors recommend a final dividend of 19.0 cents per share franked to 100% at 30% corporate tax rate to be paid to the holders of fully paid ordinary shares on 31 March 2009. The record date to participate in the final dividend is 16 March 2009.

Directors' Report

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, 8 Board meetings and 2 Audit Committee meetings were held.

Directors	Board of directors		Audit committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Mr P Dunai	8	8	–	–
Mr N Hamilton	8	8	–	–
Mr J Killen	8	8	2	2
Mr A Richards	2	2	1	1
Mr B Burdett	8	7	2	2
Ms J Seabrook	4	4	–	–

Indemnification of Officers and Auditors

During the year, the Company paid a premium in respect of a contract insuring each of the Directors of the Company (as named on page 5), 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.

Non-Audit Services

The directors are satisfied that the provision of non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 25 to the financial statements.

Auditors' Independence Declaration

The auditors' independence declaration is included on page 25 of the full year financial report.

Rounding Off Amounts

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

Directors' Report

Audited Remuneration Report

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

Director and Executive Details

This remuneration report includes information on the remuneration of:

- the directors of IRESS Market Technology Limited, being:
 - Mr N Hamilton (Chairman, non-executive director);
 - Mr P Dunai (Managing Director);
 - Mr J Killen (Chairman of the Audit Committee, non-executive director);
 - Mr A Richards (Non-executive director, retired 30 April 2008);
 - Mr B Burdett (Non-executive director); and
 - Ms J Seabrook (Non-executive director, appointed 20 August 2008).
- and other key management personnel, being:
 - Mr S Bland (Chief Financial Officer);
 - Ms K Gross (General Manager Products, Sales & Marketing);
 - Mr A Rudy (General Manager Operations);
 - Mr J Rudy (Manager Sales & Support);
 - Mr D Walker (Chief Technical Officer); and
 - Mr A Walsh (General Manager Wealth Management).

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

Directors' Report

Share Rights

Share Rights Granted To, and Vesting In, Directors and Executives

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

No share rights have been issued to directors or executives since the end of the year. No share rights granted to directors or executives have been cancelled during the year or since the end of the year.

Directors	Note	Share rights granted during the year	Note	Share rights vested during the year
Mr P Dunai	(b)	200,000	(a)	165,625
	(c)	100,000		

(a) Governed by the rules of the Peter Dunai Employee Performance Rights Plan.

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

(c) Governed by the rules of the Employee Deferred Share Plan.

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

Executives	Performance rights granted during the year (a)	Deferred shares granted during the year (b)	Share rights vested during the year (a)
Mr S Bland	46,000	15,000	90,000
Ms K Gross	33,000	11,000	75,000
Mr A Rudy	30,000	10,000	65,000
Mr J Rudy	28,000	9,500	75,000
Mr D Walker	42,000	14,000	85,000
Mr A Walsh	56,000	19,000	–

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

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

The number of share rights which subsequently vest is dependent on a number of variables including the performance of the company. In May 2008, in accordance with the applicable share plan rules and where they were eligible to vest, all performance rights issued in May 2005 vested and 87.5% of performance rights issued May 2006 vested.

Further details of the above performance rights, deferred shares and deferred share rights are set out in Notes 36 to 39 of the financial statements.

Directors' Report

Performance Rights Exercised by Directors and Executives

During the financial year, the following vested performance rights were exercised by the nominated person(s) and converted into ordinary shares in IRESS Market Technology Limited. No vested shares for directors or executives remain unexercised at 31 December 2008.

	Performance rights exercised during the year (a)	Amount paid \$
Directors		
Mr P Dunai	165,625	2
Executives		
Mr S Bland	90,000	1
Ms K Gross	75,000	1
Mr A Rudy	65,000	1
Mr J Rudy	75,000	1
Mr D Walker	85,000	1

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

Further details on the Employee Performance Rights Plan and the Peter Dunai Performance Rights plan are set out in Notes 36 to 37 respectively.

Director and Executive Shareholdings

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

Directors	Fully paid ordinary shares (a)	Unvested performance rights	Unvested deferred shares
Mr P Dunai	355,625	1,034,375	100,000
Mr N Hamilton	100,000	–	–
Mr J Killen	100,000	–	–
Mr B Burdett	80,000	–	–
Ms J Seabrook	10,000	–	–

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

Directors' Report

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

Executives	Fully paid ordinary shares (a)	Unvested performance rights	Unvested deferred shares
Mr S Bland	205,000	152,390	15,000
Ms K Gross	182,250	130,110	11,000
Mr A Rudy	63,343	108,400	10,000
Mr J Rudy	40,000	106,400	9,500
Mr D Walker	306,400	148,390	14,000
Mr A Walsh	–	227,950	19,000

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

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

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

Policy and Structure

Non-executive directors' remuneration

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

The Board aims to set the aggregate remuneration at a level which provides the ability for IRESS to attract and retain highly competent directors. The aggregate remuneration level is determined from time to time by shareholders in general meeting, in accordance with the company's Constitution. The aggregate amount is then apportioned between the directors as agreed, taking into account market comparisons, the director's responsibilities, and the time spent by the non-executive directors on IRESS matters. Non-executive directors do not receive performance-based bonuses. Fees paid to non-executive directors during 2008 were within the maximum aggregate limit of \$400,000 per annum agreed to by shareholders at the Annual General Meeting held on 1 May 2002.

Directors' Report

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

Role	Current fee \$ (a)
Chairman	108,728
Chairman of Audit Committee	64,903
Non-executive directors	54,364

(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 during the year, but it has remained dormant up to 31 December 2008.

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

Executive remuneration

Philosophy

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

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

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

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

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

Fixed annual remuneration

The fixed remuneration consists of cash salary ('Base'), benefits, and fringe benefits tax gross-up in relation to benefits that do not qualify as company income tax deductions. The Company makes superannuation contributions on fixed remuneration amounts.

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

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

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

Directors' Report

Short term incentive remuneration

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

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

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

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

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

Under the short term remuneration arrangements outlined above, the following bonuses for executive directors and executives were accrued during the year and paid in December 2008.

	Maximum that could be earned	% Achieved	% Not achieved
	% of Base	% of Base	% of Base
Mr P Dunai (a)	50	40	10
Mr S Bland	50	43	7
Ms K Gross (b)	–	67	–
Mr A Rudy (b)	–	42	–
Mr J Rudy (b)	–	45	–
Mr D Walker (b)	–	44	–
Mr A Walsh (b)	–	41	–

(a) During the year, the Directors approved an additional bonus payment of \$100,000 in recognition of longstanding operational performance. This amount has been excluded from this calculation.

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

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

Directors' Report

Longer term incentive remuneration

The Company currently operates the following long term incentive plans (the details of which are set out in Notes 36 to 39 of the financial statements):

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

(collectively 'share rights').

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

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

The Peter Dunai Performance Rights Plan was first introduced in May 2005. At the annual general meeting in May 2005, shareholders approved granting Mr Dunai 1,000,000 performance rights under the plan, made over two issues, namely 500,000 in May 2005 with a further 500,000 issued in May 2006. There have been no further grants made under this plan.

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

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

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

Performance criteria - Performance Rights

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

Both the Employee Performance Rights Plan and the Peter Dunai Performance Rights Plan have the same peer group and the same formula for determining the number of performance rights which become exercisable.

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

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

Performance ranking range	Number of performance rights exercisable.
Below 50th percentile	No rights exercisable.
50th percentile	50% of the rights in the tranche available to be exercised.
51st percentile to 74th percentile	Rights available in the tranche available to be exercised will be determined on a pro-rata basis between 50% and 100% depending on the Company's percentile performance ranking.
75th percentile or higher	100% of rights in the tranche available to be exercised.

Directors' Report

Performance under share based incentive plans

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

Grant date	9 May 2005	8 May 2006	19 August 2008	19 August 2008
Number of share rights granted	500,000	500,000	100,000	200,000
Applicable plan rules	Peter Dunai Performance Rights Plan	Peter Dunai Performance Rights Plan	Deferred Share Rights Plan	Employee Performance Rights Plan
Total performance rights cancelled	–	–	–	–
Fair value estimate at grant date (a)	\$2.18	\$3.81	\$6.15	\$3.69
1st performance ranking date				
Date	7 May 2008	7 May 2008	7 May 2010	19 August 2011
Percentile ranking	Top quartile	68 th percentile	–	–
Vested	100,000	65,625	–	–
2nd performance ranking date				
Date	7 May 2009	7 May 2009	–	–
Percentile ranking	–	–	–	–
Vested	–	–	–	–
3rd performance ranking date				
Date	7 May 2010	7 May 2010	–	–
Percentile ranking	–	–	–	–
Vested	–	–	–	–
Total vested and exercised	100,000	65,625	–	–
Total valid outstanding (b)	400,000	434,735	100,000	200,000

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

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

Directors' Report

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

Grant date	9 May 2005	8 May 2006	7 May 2007	7 May 2008
Performance rights granted	1,392,820	1,200,750	960,222	291,000
Number of participants at grant date	77	91	137	8
Number of current participants	67	78	121	8
Total performance rights cancelled	174,160	132,000	63,540	–
Fair value estimate at grant date (a)	\$2.31	\$3.60	\$5.39	\$3.69
1st performance ranking date				
Date	7 May 2008	7 May 2009	7 May 2010	7 May 2011
Ranking	Top quartile	–	–	
Total vested and exercised	1,218,660	–	–	–
Total valid outstanding (b)	–	1,068,750	896,682	291,000

(a) Refer to note (a) on page 15.

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

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

Right granted	Deferred share	Deferred share right
Grant date	7 May 2008	7 May 2008
Number granted	723,470	88,500
Number of participants at grant date	170	15
Current number of participants	166	14
Total share rights cancelled	5,350	4,000
Fair value at grant date	\$6.26	\$5.76
Performance ranking date	7 May 2010	7 May 2010

Directors' Report

Relationship between Company Performance and Remuneration

The graph below outlines the relative share price performance of IRESS Market Technology Limited over the five years to December 2008, compared to the S&P/ASX 200 index. Over the five years the IRESS share price had increased by 108.5% and the S&P/ASX 200 index had increased by 98.3%. Further, during this period, IRESS has maintained its high dividend payout ratio and all dividends have been fully franked.



An analysis of company performance over the five years to December 2008 is set out in the table below.

Measure	31 December 2004	31 December 2005	31 December 2006	31 December 2007	31 December 2008
Share price	400¢	450¢	702¢	800¢	515¢
Change in share price	153¢	50¢	252¢	98¢	(285¢)
Change in share price (%)	61.9%	12.5%	56.0%	13.9%	(35.6%)
Volume weighted average price for period	314¢	421¢	588¢	803¢	594¢
Dividend per share (a)	16.0¢	18.0¢	21.0¢	26.0¢	31.0¢

(a) Dividend per share calculated based on total of interim and final dividend rather than dividends actually paid in the year. All dividends were fully franked.

Directors' Report

As set out on pages 8 to 24 the Board has regard to a number of factors when setting the levels of fixed, short term and long term remuneration for the managing director and executives including financial performance, non-financial factors and strategic factors.

Specific Remuneration Details

The following table discloses the remuneration of the Directors of the Company for the year ended 31 December 2008.

	Short term employment benefits			Post employment (a)	Share based payments	Total
	Salary & fees \$	Bonus \$	Non-monetary \$	Super-annuation \$	Equity settled performance rights \$	
Executive Director						
Mr P Dunai	708,050	395,351	8,343	50,000	945,122	2,106,866
Non-executive Directors						
Mr N Hamilton	99,750	–	–	8,978	–	108,728
Mr J Killen	60,375	–	–	4,528	–	64,903
Mr A Richards (b)	16,625	–	–	1,496	–	18,121
Mr B Burdett	49,875	–	–	4,489	–	54,364
Ms J Seabrook (c)	18,160	–	–	1,634	–	19,794

(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) Mr Richards retired from the Board on 30 April 2008.

(c) Ms Seabrook was appointed to the Board effective 20 August 2008.

Directors' Report

The following table discloses the remuneration of the Directors of the Company for the year ended 31 December 2007.

	Short term employment benefits			Post employment (a)	Share based payments	Total \$
	Salary & fees \$	Bonus \$	Non- monetary \$	Super- annuation \$	Equity settled options & performance rights \$	
Executive Director						
Mr P Dunai	582,625	280,000	7,401	80,235	883,501	1,833,762
Non-executive Directors (b)						
Mr N Hamilton	95,396	–	–	8,586	–	103,982
Mr J Killen	56,015	–	–	5,041	–	61,056
Mr A Richards	47,698	–	–	4,293	–	51,991
Mr B Burdett	47,698	–	–	4,293	–	51,991

(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.

Directors' Report

The following table discloses the remuneration of the six executives of the Company and the Consolidated Entity (other than the Managing Director) for the year ended 31 December 2008.

	Short term employment benefits			Post employment (a)	Share based payments	Total \$
	Salary & fees \$	Bonus \$	Non-monetary \$	Super-annuation \$	Equity settled performance rights (b) \$	
Mr S Bland	303,250	130,000	1,887	38,255	273,559	746,951
Ms K Gross	164,925	110,000	8,307	24,743	226,894	534,869
Mr A Rudy	203,125	85,000	8,343	25,931	193,304	515,703
Mr J Rudy	190,000	85,000	1,300	24,750	192,302	493,352
Mr D Walker	283,000	125,000	1,300	36,720	264,706	710,726
Mr A Walsh	373,875	155,000	–	47,599	352,874	929,348

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

The following table discloses the remuneration of the six executives of the Company and the Consolidated Entity (other than the Managing Director) for the year ended 31 December 2007.

	Short term employment benefits			Post employment (a)	Share based payments	Total \$
	Salary & fees \$	Bonus \$	Non-monetary \$	Super-annuation \$	Equity settled performance rights (b) \$	
Mr S Bland (b)	255,288	130,000	7,401	38,197	352,064	782,950
Ms K Gross	64,800	32,000	2,662	8,712	308,175	416,349
Mr A Rudy	191,250	87,000	7,401	25,043	254,723	565,417
Mr J Rudy	172,500	85,000	1,216	23,175	262,416	544,307
Mr D Walker	261,250	120,000	1,216	34,313	347,681	764,460
Mr A Walsh	272,500	155,000	–	38,475	396,304	862,279

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

(b) Figures in this table reflect Mr Bland continuing up until 30 September 2007, with the arrangement established in prior years to modify his base remuneration in lieu of an additional two weeks annual leave.

Directors' Report

Share Rights granted, exercised or lapsed in favour of the Managing Director and executives or a related body corporate of theirs during the financial year ended 31 December 2008 were as follows.

	% of remuneration consisting of share based consideration (a)	Value of share based consideration granted during the year at grant date \$ (b)	Value of share based consideration exercised during the year \$ (c)	Value of share based consideration at lapse date, where lapsed during the year \$
Directors				
Mr P Dunai	45	1,353,000	1,068,251	–
Executives				
Mr S Bland	37	381,860	589,500	–
Ms K Gross	42	275,440	491,250	–
Mr A Rudy	37	250,400	397,800	–
Mr J Rudy	39	234,750	443,250	–
Mr D Walker	37	350,560	561,000	–
Mr A Walsh	38	469,500	–	–

- (a) This figure is calculated on the value of share rights included in remuneration for the year ended 31 December 2008 as a percentage of the total value of all remuneration received in that same year.
- (b) External valuation advice from PricewaterhouseCoopers Securities Limited has been used to determine the value of the performance rights. The valuation has been made using a Monte Carlo simulation option pricing model using standard option pricing inputs such as the underlying stock price, exercise price, expected dividends, expected risk free interest rates and expected share price volatility. In addition, the likely achievement of performance hurdles of the share rights have been taken into account.
- (c) Figures in this column are calculated by multiplying the number of performance rights exercised by directors and executives during the year by the share price prevailing on the date the vested performance rights were exercised, notwithstanding that the underlying shares may not be beneficially held by the respective director or executive as the shares may not have been withdrawn from the IRESS Employee Share Trust.

Directors' Report

Share Rights granted, exercised or lapsed in favour of the Managing Director and executives or a related body corporate of theirs during the financial year ended 31 December 2007 were as follows.

	% of remuneration consisting of share based consideration (a)	Value of share based consideration granted during the year at grant date \$ (b)	Value of share based consideration exercised during the year \$ (c)	Value of share based consideration at lapse date, where lapsed during the year \$
Directors				
Mr P Dunai	48	–	1,223,508	–
Executives				
Mr S Bland	45	250,042	695,175	–
Ms K Gross	74	200,023	695,175	–
Mr A Rudy	45	180,026	389,298	–
Mr J Rudy	48	180,026	389,298	–
Mr D Walker	45	250,042	667,368	–
Mr A Walsh	46	280,011	–	–

- (a) This figure is calculated on the value of share rights included in remuneration for the year ended 31 December 2007 as a percentage of the total value of all remuneration received in that same year.
- (b) External valuation advice from PricewaterhouseCoopers Securities Limited has been used to determine the value of the performance rights. The valuation has been made using a Monte Carlo simulation option pricing model using standard option pricing inputs such as the underlying stock price, exercise price, expected dividends, expected risk free interest rates and expected share price volatility. In addition, the likely achievement of performance hurdles of the share rights have been taken into account.
- (c) Figures in this column are calculated by multiplying the number of performance rights exercised by directors and executives during the year by the share price prevailing on the date the vested performance rights were exercised.

Directors' Report

Outline of Employment Contracts for the Managing Director and Executives

Contractual terms for most executives are similar but do vary on occasions. Details of the general contractual terms for executives (Mr S Bland, Ms K Gross, Mr A Rudy, Mr J Rudy, Mr D Walker and Mr A Walsh) 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 contributions and benefits (comprising health insurance and car parking). Any fringe benefit tax liability in respect to benefits is borne by the Company.
Incentive arrangements	Eligible to participate in the company's short term incentive arrangements. Eligible to participate in the company's long term incentive arrangements.
Resignation	Employment may be terminated by giving written notice of same for the period specified in the Notice Period of the contract. If resignation occurs during the year, then there is no entitlement to any bonus or long term incentives which have not vested, unless otherwise determined by the Board.
Retirement	There are no financial entitlements due from the Company on the retirement of an executive. Directors do have a discretion to make ex-gratia payments, for example if retirement were to occur during the year, then directors may elect to make a pro-rata award under any applicable bonus or incentive plan, based on performance up to the date of retirement.
Termination on notice by the Company	The Company 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 Company terminates employment for reasons of bona fide redundancy, a severance payment will be made. The quantum will be at the Board's discretion taking account of such matters as statutory requirements, the executive's contribution, position and length of service. If redundancy occurs during the year then a pro-rata award will be made for any applicable bonus or incentive plan, based on performance up to the date of termination.
Income protection insurance	The Company currently has Income Protection Insurance cover for all staff covering the period from 2 years after the applicable incident until that staff member turns 65.
Termination for serious misconduct	The Company may terminate the employment agreement at any time without notice and the executive will only be entitled to accrued leave entitlements.

Directors' Report

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

Criterion	Particulars
Length of contract	5 years from May 2005.
Position	Employed as Managing Director to May 2010 (a).
Resignation	Mr Dunai may terminate his employment contract only for health related reasons during the term.
Incentive arrangements	While employed as Managing Director, Mr Dunai is eligible to participate in the company's short term incentive arrangements. Eligible to participate in the Peter Dunai Performance Rights Plan, or any replacement or supplementary plan.
Restraint	A restraint arrangement exists during both Mr Dunai's employment period and for a set post employment period.

- (a) Mr Dunai has announced it is not his intention to renew his tenure as Managing Director beyond May 2010. He has indicated his interest in an ongoing strategic role with the company past this date.

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 P Dunai
Managing Director

MELBOURNE, 23 February 2009

Auditor's Independence Declaration

Deloitte.

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

23 February 2009

Dear Board Members

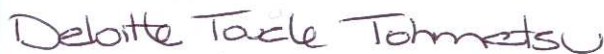
Independence Declaration: IRESS Market Technology Limited

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

As lead audit partner for the audit of the financial statements of IRESS Market Technology Limited for the financial year ended 31 December 2008, 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



S. Pelusi
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

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

180 Lonsdale Street
Melbourne VIC 3000
PO Box 78B
Melbourne VIC 3001 Australia

DX 10307SSE
Tel: +61 (0) 3 9208 7000
Fax: +61 (0) 3 9208 7001
www.deloitte.com.au

Corporate Governance Statement

Corporate Governance

The Board of IRESS Market Technology Limited is committed to complying with the Principles of Good Corporate Governance & Best Practice Recommendations issued by the ASX Corporate Governance Council in all instances, unless it believes compliance with individual guidelines is not in the best interests of shareholders in which case it will explain why.

Principle	Description	Corporate Governance Statement Reference	Status
Principle 1	Lay solid foundations for management and oversight		
1.1	Formalise and disclose the functions reserved to the board and those delegated to management.	1	Comply
Principle 2	Structure the board to add value		
2.1	A majority of the board should be independent directors.	5.3	Comply
2.2	The chairperson should be an independent director.	5.3	Comply
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	5.3	Comply
2.4	The board should establish a nomination committee.	10.1	Comply
2.5	Provide the information indicated in 'Guide to reporting on Principle 2'.	5.1, 5.2, 5.3 & Directors' Biographies & Directors' Report	Comply
Principle 3	Promote ethical and responsible decision-making		
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to: 3.1(a): the practices necessary to maintain confidence in the company's integrity; 3.1(b): the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	2	Comply
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.	9.1, 14	Comply
3.3	Provide the information indicated in 'Guide to reporting on Principle 3'.	2	Comply
Principle 4	Safeguard integrity in financial reporting		
4.1	Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.	3.3	Comply
4.2	The board should establish an audit committee.	11	Comply

Corporate Governance Statement

Principle	Description	Corporate Governance Statement Reference	Status
4.3	Structure the audit committee so that it consists of: only non-executive directors; a majority of independent directors; an independent chairperson, who is not chairperson of the board; and at least three members.	11.1	Comply
4.4	The audit committee should have a formal charter.	10.1	Comply
4.5	Provide the information indicated in 'Guide to reporting on Principle 4'.	11 & Directors' Biographies & Directors' Report	Comply
Principle 5	Make timely and balanced disclosure		
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance.	13	Comply
5.2	Provide the information indicated in 'Guide to reporting on Principle 5'.	13	Comply
Principle 6	Respect the rights of shareholders		
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	13.2, 13.3	Comply
6.2	Request 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.	13.3	Comply
Principle 7	Recognise and manage risk		
7.1	The board or appropriate board committee should establish policies on risk oversight and management.	3.2, 4	Comply
7.2	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that: 7.2(a): the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and 7.2(b): the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	3.3	Comply
7.3	Provide the information indicated in 'Guide to reporting on Principle 7'.	3, 4	Comply
Principle 8	Encourage enhanced performance		
8.1	Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives	7.1 & Directors' Biographies and Remuneration Report	Comply

Corporate Governance Statement

Principle	Description	Corporate Governance Statement Reference	Status
Principle 9	Remunerate fairly and responsibly		
9.1	Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies, and (ii) the link between remuneration paid to directors and key executives and corporate performance.	12.1, 12.2 & Directors' Report	Comply
9.2	The board should establish a remuneration committee.	10.1, 12	Comply
9.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	8.1, 8.2, 8.3 & Remuneration Report	Comply
9.4	Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	12.2 & Remuneration Report	Comply
9.5	Provide the information indicated in 'Guide to reporting on Principle 9'.	8, 10, 12 & Directors' Report	Comply
Principle 10	Recognise the legitimate interests of stakeholders		
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders	2.9, 13.1	Comply

Corporate Governance Statement

Introduction

The Board works under a set of well-established corporate governance policies that reinforce the responsibilities of all directors in accordance with the requirements of the Corporations Act 2001 and the Australian Stock Exchange (ASX). In addition, many of the governance elements are enshrined in the Company's Constitution.

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. Summaries of the charters under which the Board and Board committees operate (including a copy of the Audit Committee charter) and other relevant information referred to in this Corporate Governance Statement are available on IRESS' website www.iress.com.au

1. Board Responsibilities

I.1 The Board has ultimate responsibility to set policy regarding the business and affairs of the Company and its subsidiaries for the benefit of the shareholders and other stakeholders of the Company. The Board is accountable to shareholders for the performance of the Group.

I.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 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.

I.3 In carrying out its duties, the Board meets regularly to discuss formally matters relevant to the Company, with additional meetings held as required to address specific issues.

I.4 The Board delegates management of the Company's resources to the executive team under the leadership of the Managing Director, to deliver the strategic direction and achieve the goals determined by the Board. Any powers not specifically reserved for the Board have been delegated to the executive team.

Corporate Governance Statement

2. Ethical Standards

- 2.1 The Company is committed to upholding high legal, moral and ethical standards in all of its corporate activities and has adopted a Code of Ethics, which aims to strengthen its ethical climate and provide basic guidelines for situations in which ethical issues arise. The Code of Ethics applies to directors, executives, management and employees, and sets standards for ethical behaviour and business practice beyond complying with the law, and is based on the key principles whereby the Company:
- strives to do business with customers and suppliers of sound business character and reputation;
 - strives to maintain the highest standard of ethical behaviour in business dealings and to behave with integrity in all dealings with customers, shareholders, government, employees, suppliers and the community;
 - does not knowingly support any public or private organisation which espouses discriminatory policies or practices; and
 - expects all employees to perform their duties with honesty, truthfulness and integrity.
- 2.2 It is the policy of the Company to comply with the letter and spirit of all applicable laws, including those relating to employment, discrimination, health, safety, trade practices and securities. The Company has also developed procedures to ensure that employees are aware of and discharge their obligations under relevant privacy laws in their handling of information provided to the Group.
- 2.3 No director, officer, executive or manager of the Company has authority to violate any law or to direct another employee or any other person to violate any law on behalf of the Company.
- 2.4 The Company's ethical practices and procedures are reviewed regularly, and processes are in place to promote and communicate these policies within the Company.

3. Risk Management – Controlling and Managing

- 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.
- The key areas of risk faced by IRESS are:
- operational risk, which arises from inadequate or failed internal processes, people and systems or from external events;
 - contractual risk, being the nature of the performance and indemnity requirements in contracts with customers / suppliers;
 - occupational Health and Safety risk in respect to our employees; and
 - financial risk, which includes fraudulent activities, the risk of financial loss from losing the business of a key customer and/or the credit risk attached to non-payment by a customer.
- 3.2 Appropriate policies and procedures have been developed to assist in the management of these risk areas. The Board is responsible for approving the Company's risk management strategy and policies. Executive management is responsible for the implementation of the strategy and developing policies, processes and procedures to identify and manage risks.
- 3.3 The Managing Director and the Chief Financial Officer have provided formal statements to the Board confirming that in all material respects:
- the Company's financial statements present a true and fair view of IRESS' and the group's financial position and operational results and are in accordance with the relevant accounting standards;
 - the Company's annual and half yearly financial statements are founded on a sound system of risk management and internal compliance and control, which implements policies adopted by the board; and
 - the risk management and internal compliance and control system is operating efficiently and effectively.

Corporate Governance Statement

4. Risk Management - Internal Control Framework

- 4.1 The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework that can be described under 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 some other benchmark (where considered appropriate) and revised internal forecasts for the year are prepared regularly. Procedures are also in place to ensure that 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 detailed in procedure manuals. 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.

5. Board Composition

- 5.1 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 the skills, experience and expertise of each director is set out on page 5.
- 5.2 The Board has adopted the definition of independence set out in the Principles of Good Corporate Governance and Best Practice Recommendations released by the ASX Corporate Governance Council in March 2003. 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.
- 5.3 The Company currently has five directors, one of whom is an Executive Director (the Managing Director). The remaining four directors are non-executive, all of whom, including the Chairman, are 'independent'.
- 5.4 In the opinion of the Board, the present composition fairly represents the interests of all shareholders in the Company.

6. Board Access to Information and Independent Advice

- 6.1 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.
- 6.2 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.

Corporate Governance Statement

7. Appointment Term and Other Directorships

- 7.1 In accordance with the company's constitution, all directors other than the Managing Director are required to seek re-election at least once in every three years on a rotating basis.
- 7.2 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.
- 7.3 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.

8. Remuneration

- 8.1 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 \$400,000 per annum, which was set in 2002.
- 8.2 The Company does not pay retirement benefits to directors.
- 8.3 From 1 April 2005, after having sought advice from an independent consultant, directors' fees were set at \$51,775 for Board duties, with the Chair of the Audit Committee receiving an additional \$10,900 and the Chairman receiving \$103,550; inclusive of superannuation at statutory rates. Effective from 1 December 2007 all director fees were increased by 5%. 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.
- 8.4 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.
- 8.5 Further details regarding the remuneration paid to directors and senior executives of the company and the group are set out in the Directors' Report on pages 8 to 24.
- 8.6 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 any price-sensitive announcements, including the half-year and full year results and Annual General Meeting. At other times, directors dealing in the Company's shares must obtain prior approval from the Chairman.
- 8.7 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 10 in the Directors' Report.

9. Conflict of Interest

- 9.1 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.

Corporate Governance Statement

10. Board Committees

- 10.1 The Board has established one standing committee, namely the Audit Committee. Matters relating to issues often addressed by a Nomination and Remuneration Committee at larger publicly listed companies are dealt with by the full Board. The Company has adopted a Nomination and Remuneration charter to define these tasks and responsibilities.
- 10.2 The Board periodically reviews the charter for each of these areas.
- 10.3 The Board also delegates specific functions to ad hoc committees of directors on an 'as needs' basis. The powers delegated to these committees are set out in board resolutions. Senior executives attend board and committee meetings by invitation, whenever particular matters arise that require management presentations or participation.

11. Accountability and Audit

- 11.1 The members of the Audit Committee during the year were all non-executive directors and comprised:
- Mr J Killen (Chair);
 - Mr A Richards (retired 30 April 2008)
 - Mr B Burdett; and
 - Ms J Seabrook (appointed 20 August 2008).
- 11.2 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 5.
- 11.3 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. The Committee also reviews the processes in place for the identification, management and reporting of business risk, and reviews the findings reported.
- 11.4 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.
- 11.5 The Chief Financial Officer, other relevant Company officers (as required) and the lead external audit partner participate at meetings of the Audit Committee.
- 11.6 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. The Board considers the provision by the external auditor's firm of taxation services pertaining to compliance and general taxation advice is consistent with this policy. 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.

12. Nomination and Remuneration

- 12.1 The Board has adopted a Nomination and Remuneration Charter (the Charter) to define the Board's role and responsibility in this area. The Nomination and Remuneration function is to be performed by the full Board.
- 12.2 This Charter provides for periodic review of the structure and performance of the Board, Board committees and individual directors and a framework for changes when necessary. This includes identifying suitable candidates for appointment as non-executive directors. The Charter also addresses matters such as succession and senior executive compensation policy, including short and long-term incentive plans and the Company's recruitment, retention and termination policies. 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.

Corporate Governance Statement

13. Continuous Disclosure

- 13.1 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.
- 13.2 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.au
- 13.3 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.

14. Securities Dealings

- 14.1 The Board's policy concerning trading in company securities precludes directors, executives and employees from dealing in the Company's securities during the defined 'window' periods. Dealing in shares outside this period is prohibited without prior approval from the board, the managing director or the company secretary.
- 14.2 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. Directors, executives and employees may not engage in short term dealings in the Company's shares.
- 14.3 Hedging of unvested share rights is prohibited. The Board's view is that any share right participant entering into such schemes on the unvested component of their rights would represent a breach of the terms and conditions of the grant, and the Board would exercise its right to cancel any of these hedged share rights.

15. Additional Corporate Governance Information

- 15.1 The corporate governance section of the Company's website contains various material relating to corporate governance, including Board charter, Committee charters, Code of Ethics and other information. The link to the corporate governance section of the Company's website is www.iress.com.au/corporate/corp_governance.asp

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. Directors, executives and employees may not engage in short term dealings in the Company's shares.

Independent Auditors Report to the Members of IRESS Market Technology Limited



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

180 Lonsdale Street
Melbourne VIC 3000
PO Box 78B
Melbourne VIC 3001 Australia

DX 10307SSE
Tel: +61 (0) 3 9208 7000
Fax: +61 (0) 3 9208 7001
www.deloitte.com.au

Report on the Financial Report and AASB 124 Compensation Disclosures in the Directors' Report

We have audited the accompanying financial report of IRESS Market Technology Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, cash flow statement 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 37 to 93.

We have also audited the compensation disclosures contained in the directors' report. As permitted by the Corporations Regulations 2001, the company has disclosed information about the compensation of key management personnel ('compensation disclosures') as required by paragraphs Aus 25.4 to Aus 25.6 of Accounting Standard AASB 124 Related Party Disclosures ('AASB 124'), under the heading 'remuneration report' on pages 8 to 24 of the directors' report, and not in the financial report.

Directors' Responsibility for the Financial Report and the AASB 124 Compensation Disclosures Contained in the Directors' 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. The directors are also responsible for the compensation disclosures contained in the directors' report. 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 financial report, comprising the financial statements and notes complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report and compensation disclosures contained in the directors' 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 and the compensation disclosures comply with AASB 124.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the compensation disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the compensation disclosures contained in the directors' 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 and the compensation disclosures contained in the directors' 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 and the compensation disclosures contained in the directors' report.

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

Independent Auditors Report to the Members of IRESS Market Technology Limited

Auditor's Independence Declaration

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

Auditor's Opinion on the Financial Report

In our opinion:

- a) the financial report of IRESS Market Technology Limited is in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2008 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.

Auditor's Opinion on the AASB 124 Compensation Disclosures Contained in the Directors' Report

In our opinion, the compensation disclosures that are contained on pages 8 to 24 under the heading 'remuneration report' of the directors' report comply with paragraphs Aus 25.4 to Aus 25.6 of Accounting Standard AASB 124 Related Party Disclosures.



DELOITTE TOUCHE TOHMATSU



Sneza Pelusi

Partner

Chartered Accountants

MELBOURNE, 23 February 2009

Liability limited by a scheme approved under Professional Standards Legislation.

© Deloitte Touche Tohmatsu Limited, February 2008

Directors' Declaration

In the opinion of the Directors:

- a) the attached financial statements and notes thereto comply with Accounting Standards;
- b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company and consolidated entity;
- c) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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 P Dunai
Managing Director

MELBOURNE, 23 February 2009

Income Statement

for the Financial Year Ended 31 December 2008

	Note	Consolidated		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue from ordinary activities	2	165,095	135,447	104,833	91,711
Customer data fees		(21,013)	(18,363)	(16,020)	(14,899)
Communication and other technology expenses		(8,915)	(7,976)	(4,713)	(4,016)
Employee related expenses	3	(55,237)	(45,400)	(24,550)	(21,460)
Other expenses including administration expenses		(4,461)	(3,931)	(669)	(1,189)
Facilities rent		(2,360)	(2,734)	(279)	(924)
Bad and doubtful debts		(1,408)	(50)	(799)	–
Business acquisition and restructure expenses		(54)	(468)	–	–
Depreciation and amortisation expense	2	(22,611)	(17,710)	(6,212)	(4,111)
Profit before income tax expense	2	49,036	38,815	51,591	45,112
Income tax expense	4	(13,413)	(13,338)	(14,292)	(14,876)
Profit attributable to the members of the parent entity		35,623	25,477	37,299	30,236
Earnings per Share	5				
Basic earnings per share (cents per share)		29.622	21.904		
Diluted earnings per share (cents per share)		28.795	21.176		

Notes to the financial statements are included on pages 42 to 93.

Balance Sheet as at 31 December 2008

	Note	Consolidated		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current Assets					
Cash and cash equivalent assets		45,678	20,001	35,083	12,692
Receivables	6	8,441	9,301	4,879	5,641
Current tax receivables	4	6,347	4,716	6,277	4,549
Other financial assets	7	–	493	75,555	78,256
Total current assets		60,466	34,511	121,794	101,138
Non-Current Assets					
Plant and equipment	8	9,008	11,773	6,182	8,400
Computer software	9	37,612	43,289	3,617	3,748
Goodwill	10	32,283	31,086	–	–
Intangibles		637	1,147	–	–
Deferred tax assets	11	5,143	5,153	3,163	1,461
Other financial assets	12	58	–	21,261	21,203
Total non-current assets		84,741	92,448	34,223	34,812
Total assets		145,207	126,959	156,017	135,950
Current Liabilities					
Payables	13	12,324	9,746	7,716	5,727
Current tax payables	14	5,160	5,491	4,646	4,977
Provisions	15	2,779	2,334	1,098	944
Total current liabilities		20,263	17,571	13,460	11,648
Non-Current Liabilities					
Provisions	16	6,570	6,879	4,360	4,114
Deferred tax liabilities	4	2,217	1,077	2,788	1,077
Total non-current liabilities		8,787	7,956	7,148	5,191
Total liabilities		29,050	25,527	20,608	16,839
Net assets		116,157	101,432	135,409	119,111
Equity					
Issued capital	17	75,898	69,246	75,898	69,246
Reserves	18	16,718	10,664	17,592	11,641
Retained earnings	19	23,541	21,522	41,919	38,224
Total equity		116,157	101,432	135,409	119,111

Notes to the financial statements are included on pages 42 to 93.

Statement of Changes in Equity for the Year Ended 31 December 2008

	2008					2007				
	Issued capital \$'000	Retained earnings \$'000	Share based payments reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000	Issued capital \$'000	Retained earnings \$'000	Share based payments reserve \$'000	Foreign currency translation reserve \$'000	Total \$'000
Consolidated										
Opening balance	69,246	21,522	11,641	(977)	101,432	20,694	22,426	7,402	(803)	49,719
Profit for the year	–	35,623	–	–	35,623	–	25,477	–	–	25,477
Increase/(decrease) in translation reserve arising on translation of self sustaining operations	–	–	–	103	103	–	–	–	(174)	(174)
Total recognised income/(expense) for the year	–	35,623	–	103	35,726	–	25,477	–	(174)	25,303
Issue of share capital	6,652	–	–	–	6,652	48,552	–	–	–	48,552
Cost of share-based payments	–	–	5,951	–	5,951	–	–	4,239	–	4,239
Equity dividends	–	(33,604)	–	–	(33,604)	–	(26,381)	–	–	(26,381)
Closing balance	75,898	23,541	17,592	(874)	116,157	69,246	21,522	11,641	(977)	101,432
Company										
Opening balance	69,246	38,224	11,641	–	119,111	20,694	34,369	7,402	–	62,465
Profit for the year	–	37,299	–	–	37,299	–	30,236	–	–	30,236
Total recognised income/(expense) for the year	–	37,299	–	–	37,299	–	30,236	–	–	30,236
Issue of share capital	6,652	–	–	–	6,652	48,552	–	–	–	48,552
Cost of share-based payments	–	–	5,951	–	5,951	–	–	4,239	–	4,239
Equity dividends	–	(33,604)	–	–	(33,604)	–	(26,381)	–	–	(26,381)
Closing balance	75,898	41,919	17,592	–	135,409	69,246	38,224	11,641	–	119,111

Notes to the financial statements are included on pages 42 to 93.

Cash Flow Statement

for the Year Ended 31 December 2008

	Note	Consolidated		Company	
		Inflows (outflows)		Inflows (outflows)	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash Flows from Operating Activities					
Receipts from customers		179,189	144,064	105,267	92,394
Payments to suppliers and employees		(103,048)	(82,976)	(55,716)	(44,043)
Interest and bill discounts received		1,131	988	901	768
Income tax paid		(13,864)	(16,351)	(13,781)	(16,172)
Net cash provided by operating activities	21	63,408	45,725	36,671	32,947
Cash Flows from Investing Activities					
Payment for plant and equipment		(2,914)	(12,677)	(2,163)	(9,164)
Deferred payment for acquisition of subsidiary		(800)	(3,000)	–	–
Payment for acquisition of subsidiaries	22	(2,112)	(6,778)	–	–
Amounts advanced/received to/from related parties		–	–	21,540	(2,499)
Payment for investment in listed companies		(58)	–	(58)	–
Proceeds from sale of plant and equipment		1	30	1	29
Net cash used in investing activities		(5,883)	(22,425)	19,320	(11,634)
Cash Flows from Financing Activities					
Proceeds from issues of equity securities		–	–	–	–
Dividends paid		(33,600)	(26,373)	(33,600)	(26,373)
Net cash used in financing activities		(33,600)	(26,373)	(33,600)	(26,373)
Net increase/(decrease) in cash held		23,925	(3,073)	22,391	(5,060)
Cash at the beginning of the financial year		20,001	22,900	12,692	17,752
Effects of exchange rate changes on the balance of cash held in foreign currencies		1,752	174	–	–
Cash at the end of the financial year		45,678	20,001	35,083	12,692

Notes to the financial statements are included on pages 42 to 93.

Notes to the Financial Statements for the Year Ended 31 December 2008

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 ('A-IFRS'). Compliance with the A-IFRS ensures that the financial statements and notes of the company and consolidated entity comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 23 February 2009.

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 A-IFRS 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 A-IFRS 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 balance sheet.

b) Employee benefits

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

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months 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.

Notes to the Financial Statements for the Year Ended 31 December 2008

c) Financial assets

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

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

Loans and receivables

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

d) Foreign currency

Foreign currency transactions

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

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

- exchange differences which relate to assets under construction for future productive use are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve in the consolidated financial statements and recognised in profit or loss on disposal of the net investment.

Foreign operations

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to A-IFRS 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 Cash Flow Statement 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.

Notes to the Financial Statements for the Year Ended 31 December 2008

f) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised, but tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

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 balance sheet 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 income statement, 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.

Notes to the Financial Statements for the Year Ended 31 December 2008

Tax consolidation

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

Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in Note 4 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 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 the income statement when the asset is derecognised.

i) 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.

Notes to the Financial Statements for the Year Ended 31 December 2008

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.

j) 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.

k) 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.

l) 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 Accounting Standard 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 exceeds 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.

m) 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.

Notes to the Financial Statements for the Year Ended 31 December 2008

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
- Furniture and fittings 3 years
- Computer equipment 3 years
- Office equipment 3 years

n) 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.

o) Revenue recognition

Rendering of services

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.

p) Share based payments

Equity settled share based payments granted after 7 November 2002 that were unvested as of 1 January 2005, are measured at fair value at the date of grant. Fair value is measured using a Monte Carlo simulation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

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

The share based payments expense arising from the share rights plans (refer Notes 36 to 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.

Notes to the Financial Statements for the Year Ended 31 December 2008

q) Financial instruments issued by the Company

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 balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

r) 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 2007. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Group's accounting policies.

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

- | | |
|---|---|
| ▪ AASB 8 'Operating Segments' | Effective for annual reporting periods beginning on or after 1 January 2009 |
| ▪ AASB 101 'Presentation of Financial Statements' – revised standard | Effective for annual reporting periods beginning on or after 1 January 2009 |
| ▪ AASB 123 'Borrowing Costs' | Effective for annual reporting periods beginning on or after 1 January 2009 |
| ▪ AASB 2007-10 'Further Amendments to Australian Accounting Standards arising from AASB 101' | Effective for annual reporting periods beginning on or after 1 January 2009 |
| ▪ AASB 2008-1 'Amendments to Australian Accounting Standards – Share based payments: Vesting conditions and cancellations' | Effective for annual reporting periods beginning on or after 1 January 2009 |
| ▪ AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Process' | Effective for annual reporting periods beginning on or after 1 January 2009 |
| ▪ AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process' | Effective for annual reporting periods beginning on or after 1 July 2009 |
| ▪ AASB 2008-7 'Amendments to Australian Accounting Standards – Cost of an investment in a subsidiary, jointly controlled entity or associate' | Effective for annual reporting periods beginning on or after 1 January 2009 |

Notes to the Financial Statements for the Year Ended 31 December 2008

- IAS 27 'Consolidated and Separate Financial Statements' Effective for annual reporting periods beginning on or after 1 July 2009
- IFRS 3 'Business Combinations' Effective for annual reporting periods beginning on or after 1 July 2009

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the company or the Group.

The application of AASB 8 'Operating Segments' may result in a different presentation of segment financial results.

Notes to the Financial Statements for the Year Ended 31 December 2008

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
2. Profit before Income Tax Expense				
Profit before income tax expense includes the following items of revenue and expense				
Revenue				
Sales revenue				
Rendering of services	163,848	134,470	94,201	84,508
Other revenue	63	–	5,895	3,311
	163,911	134,470	100,096	87,819
Interest revenue	1,184	977	4,737	3,892
Total revenues from ordinary activities	165,095	135,447	104,833	91,711
Expenses				
Net transfers to/(from) bad and doubtful debts provisions arising from				
Other entities	1,408	50	799	–
Depreciation of non-current assets				
Plant and equipment	5,507	4,137	3,969	2,621
Amortisation of non-current assets				
Computer software	15,036	12,700	2,243	1,490
Other intangibles	2,068	873	–	–
Operating lease rental expenses				
Minimum lease payments	3,117	2,806	2,540	1,970
Net foreign exchange (gain)/loss	6	64	(1,493)	(334)
Sales of assets in the ordinary course of business have given rise to the following (profits)/losses				
Plant and equipment	16	203	(1)	124

Notes to the Financial Statements for the Year Ended 31 December 2008

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
3. Employee related expenses				
Employee related expenses can be broken down as follows				
Total monetary based expense (a)	49,286	41,161	18,599	17,221
Share based payment expense (b)	5,951	4,239	5,951	4,239
Total employee related expense	55,237	45,400	24,550	21,460

(a) Total monetary based expense comprises salary and fees, bonuses, superannuation and other benefits.

(b) Expense recognised in accordance with AASB 2 'Share Based Payment'.

4. Income Tax

Income Tax Recognised in Profit or Loss

Tax expense comprises

Current tax expense/(income)	12,330	11,997	14,188	14,356
Adjustments recognised in the current year in relation to the current tax of prior years	307	(35)	96	–
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	835	1,165	8	520
Effect of different tax rates	(59)	211	–	–
Total tax expense	13,413	13,338	14,292	14,876

Notes to the Financial Statements for the Year Ended 31 December 2008

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'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	49,035	38,815	51,591	45,112
Income tax expense calculated at 30%	14,711	11,645	15,477	13,533
Non deductible expenses / Non assessable income	(1,033)	1,728	(1,281)	1,343
Tax losses now recognised as deferred tax assets	(513)	–	–	–
Effect of different tax rates	(59)	–	–	–
(Over)/under provision of income tax in previous year	307	(35)	96	–
Income tax expense	13,413	13,338	14,292	14,876

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

Tax refund receivable attributable to

Entities in the tax-consolidated group	6,277	4,549	6,277	4,549
Other entities	70	167	–	–
	6,347	4,716	6,277	4,549

Current tax payables

Income tax payable attributable to

Parent entity	(4,646)	(4,977)	(4,646)	(4,977)
Other entities	(514)	(514)	–	–
	(5,160)	(5,491)	(4,646)	(4,977)
	1,187	(775)	(4,646)	(4,977)

Notes to the Financial Statements for the Year Ended 31 December 2008

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Deferred Tax Balances				
Deferred tax assets comprise				
Tax losses - revenue	1,704	1,937	-	-
Temporary differences	3,439	3,216	3,163	1,461
	5,143	5,153	3,163	1,461
Deferred tax liabilities comprise				
Temporary differences	(2,217)	(1,077)	(2,788)	(1,077)
	(2,217)	(1,077)	(2,788)	(1,077)

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

	Consolidated						Closing balance \$000
	Opening balance \$000	Charged to income \$000	Charged to equity \$000	Acquisitions /disposals \$000	Exchange differences \$000	Changes in tax rate \$000	
2008							
Gross deferred tax liabilities							
Other financial assets	(1,075)	(1,123)	-	-	-	-	(2,198)
Sundry receivables	(2)	(17)	-	-	-	-	(19)
	(1,077)	(1,140)	-	-	-	-	(2,217)
Gross deferred tax assets							
Doubtful debts	176	295	-	10	-	-	481
Other financial assets	92	1,655	-	-	-	-	1,747
Plant and equipment	1,415	(1,934)	-	(1)	-	-	(520)
Payables	157	148	-	-	-	-	305
Provisions	1,133	(28)	-	81	-	-	1,186
Other liabilities	243	(3)	-	-	-	-	240
	3,216	133	-	90	-	-	3,439

Notes to the Financial Statements

for the Year Ended 31 December 2008

2007	Consolidated						Closing balance \$'000
	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Acquisitions /disposals \$'000	Exchange differences \$'000	Changes in tax rate \$'000	
Gross deferred tax liabilities							
Other financial assets	(383)	(692)	–	–	–	–	(1,075)
Sundry receivables	(5)	3	–	–	–	–	(2)
	(388)	(689)	–	–	–	–	(1,077)
Gross deferred tax assets							
Doubtful debts	128	40	–	8	–	–	176
Other financial assets	5	86	–	1	–	–	92
Plant and equipment	2,577	(1,299)	–	67	–	–	1,415
Payables	162	(5)	–	–	–	–	157
Provisions	818	307	–	8	–	–	1,133
Other liabilities	2	241	–	–	–	–	243
	3,692	(560)	–	84	–	–	3,216

2008	Company						Closing balance \$'000
	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Acquisitions /disposals \$'000	Exchange differences \$'000	Changes in tax rate \$'000	
Gross deferred tax liabilities							
Other financial assets	(1,075)	(1,696)	–	–	–	–	(2,771)
Sundry receivables	(2)	(15)	–	–	–	–	(17)
	(1,077)	(1,711)	–	–	–	–	(2,788)
Gross deferred tax assets							
Doubtful debts	83	180	–	–	–	–	263
Other financial assets	241	1,065	–	–	–	–	1,306
Plant and equipment	465	527	–	–	–	–	992
Payables	89	(4)	–	–	–	–	85
Provisions	583	(66)	–	–	–	–	517
	1,461	1,702	–	–	–	–	3,163

Notes to the Financial Statements

for the Year Ended 31 December 2008

2007	Company						Closing balance \$'000
	Opening balance \$'000	Charged to income \$'000	Charged to equity \$'000	Acquisitions /disposals \$'000	Exchange differences \$'000	Changes in tax rate \$'000	
Gross deferred tax liabilities							
Other financial assets	(383)	(692)	–	–	–	–	(1,075)
Sundry receivables	(5)	3	–	–	–	–	(2)
	(388)	(689)	–	–	–	–	(1,077)
Gross deferred tax assets							
Doubtful debts	84	(1)	–	–	–	–	83
Other financial assets	241	–	–	–	–	–	241
Plant and equipment	425	40	–	–	–	–	465
Payables	106	(17)	–	–	–	–	89
Provisions	435	148	–	–	–	–	583
	1,291	170	–	–	–	–	1,461

Unrecognised Deferred Tax Balances

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

Tax Consolidation

a) Relevance of Tax Consolidation to the Consolidated Entity

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 14 March 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is IRESS Market Technology Limited. The members of the tax-consolidated group are identified at Note 29.

b) Nature of Tax Funding Arrangements and Tax Sharing Agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, IRESS Market Technology Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset and any deferred tax asset arising from unused tax losses/tax credits of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

Notes to the Financial Statements for the Year Ended 31 December 2008

5. Earnings per Share

	2008 Cents per share	2007 Cents per share
Basic earnings per share	29.622	21.904
Diluted earnings per share	28.795	21.176

Basic Earnings per Share

	2008 Cents per share	2007 Cents per share
--	----------------------------	----------------------------

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 income statement	\$	35,623	25,477
Weighted average number of ordinary shares (a)	No.	120,261	116,613

- (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 income statement	\$	35,623	25,477
Weighted average number of ordinary shares (refer to footnote (a) above)	No.	123,715	120,311

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	120,261	116,613
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)	3,454	3,698

Weighted average number of converted, lapsed, or cancelled potential ordinary shares used in the calculation of diluted earnings per share

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 2008 continues at that level through to the final vesting date for the applicable performance right.

Notes to the Financial Statements for the Year Ended 31 December 2008

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
6. Current Receivables				
Trade receivables	8,215	8,956	4,273	5,179
Allowance for doubtful debts	(1,770)	(587)	(877)	(278)
	6,445	8,369	3,396	4,901
Sundry receivables and prepayments	1,996	932	1,483	740
	8,441	9,301	4,879	5,641
Movement in the allowance for doubtful debts				
Opening Balance	587	428	278	280
Additions	1,408	50	799	–
Provision acquired through acquisition	–	197	–	–
Amounts written off as uncollectible	(225)	(88)	(200)	(2)
Closing Balance	1,770	587	877	278
The company and consolidated entity's policy requires customers to pay us within 30 days from date of invoice. All credit and recovery risks associated with trade receivables have been provided for in the balance sheet. The provision in respect of trade and sundry receivables is determined with regard for historical write-offs and specifically identified customers.				
7. Other Current Financial Assets				
Non-trade receivables from				
Wholly owned subsidiaries	–	–	75,555	78,050
Other assets	–	493	–	206
	–	493	75,555	78,256

Notes to the Financial Statements for the Year Ended 31 December 2008

8. Plant and Equipment

	Consolidated 2008				
	Leasehold improvements \$'000	Furniture & fittings \$'000	Computer equipment \$'000	Office equipment \$'000	Total \$'000
Gross carrying amount (Cost)					
Balance at beginning of financial year	5,488	1,537	17,786	98	24,909
Additions	742	187	1,596	95	2,620
Additions through business combination	–	–	–	20	20
Net foreign currency exchange differences	75	1	48	(26)	98
Disposals/adjustments	–	(56)	(408)	(7)	(471)
Balance at end of financial year	6,305	1,669	19,022	180	27,176
Accumulated depreciation					
Balance at beginning of financial year	(573)	(274)	(12,231)	(58)	(13,136)
Disposals	–	52	415	7	474
Net foreign currency exchange differences	(18)	4	12	3	1
Depreciation expense	(1,744)	(444)	(3,279)	(40)	(5,507)
Balance at end of financial year	(2,335)	(662)	(15,083)	(88)	(18,168)
Net book value					
At 31 December 2008	3,970	1,007	3,939	92	9,008

Notes to the Financial Statements for the Year Ended 31 December 2008

	Consolidated 2007				
	Leasehold improvements \$'000	Furniture & fittings \$'000	Computer equipment \$'000	Office equipment \$'000	Total \$'000
Gross carrying amount (Cost)					
Balance at beginning of financial year	1,350	436	14,132	143	16,061
Additions	5,190	1,180	4,658	35	11,063
Additions through business combination	–	235	228	66	529
Disposals/adjustments	(1,052)	(314)	(1,232)	(146)	(2,744)
Balance at end of financial year	5,488	1,537	17,786	98	24,909
Accumulated depreciation					
Balance at beginning of financial year	(762)	(248)	(9,171)	(102)	(10,283)
Disposals	861	78	270	75	1,284
Depreciation expense	(672)	(104)	(3,330)	(31)	(4,137)
Balance at end of financial year	(573)	(274)	(12,231)	(58)	(13,136)
Net book value					
At 31 December 2007	4,915	1,263	5,555	40	11,773

Notes to the Financial Statements

for the Year Ended 31 December 2008

	Company 2008				
	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	4,860	1,013	12,852	26	18,751
Additions	489	168	1,010	84	1,751
Disposals	–	–	(196)	–	(196)
Balance at end of financial year	5,349	1,181	13,666	110	20,306
Accumulated depreciation					
Balance at beginning of financial year	(480)	(60)	(9,791)	(20)	(10,351)
Disposals	–	–	196	–	196
Depreciation expense	(1,658)	(352)	(1,936)	(23)	(3,969)
Balance at end of financial year	(2,138)	(412)	(11,531)	(43)	(14,124)
Net book value					
At 31 December 2008	3,211	769	2,135	67	6,182

	Company 2007				
	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	1,039	224	11,580	96	12,939
Additions	4,860	989	1,777	10	7,636
Disposals	(1,039)	(200)	(505)	(80)	(1,824)
Balance at end of financial year	4,860	1,013	12,852	26	18,751
Accumulated depreciation					
Balance at beginning of financial year	(743)	(221)	(8,342)	(92)	(9,398)
Disposals	886	199	506	77	1,668
Depreciation expense	(623)	(38)	(1,955)	(5)	(2,621)
Balance at end of financial year	(480)	(60)	(9,791)	(20)	(10,351)
Net book value					
At 31 December 2007	4,380	953	3,061	6	8,400

Notes to the Financial Statements for the Year Ended 31 December 2008

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'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	1,744	672	1,658	623
Furniture and fittings	444	104	352	38
Computer equipment	3,279	3,330	1,936	1,955
Office equipment	40	31	23	5
	5,507	4,137	3,969	2,621

9. Computer Software

Gross carrying amount (Cost)

Balance at beginning of financial year	75,930	33,723	15,757	11,037
Additions	2,127	4,751	2,112	4,720
Additions through business combination	7,298	37,456	–	–
Net foreign currency exchange differences	(66)	–	–	–
Disposals	156	–	–	–
Balance at end of financial year	85,133	75,930	17,869	15,757

Accumulated amortisation

Balance at beginning of financial year	(32,641)	(19,941)	(12,009)	(10,519)
Disposals	156	–	–	–
Amortisation expense	(15,036)	(12,700)	(2,243)	(1,490)
Balance at end of financial year	(47,521)	(32,641)	(14,252)	(12,009)

Net book value

At 31 December	37,612	43,289	3,617	3,748
----------------	--------	--------	-------	-------

Aggregate amortisation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year

	15,036	12,700	2,243	1,490
--	--------	--------	-------	-------

Notes to the Financial Statements for the Year Ended 31 December 2008

10. Goodwill

Gross Carrying Amount

Balance at beginning of the financial year	31,086	13,574	–	–
Additional amounts recognised from business combinations occurring during the period	1,327	17,512	–	–
Effect of foreign currency exchange differences	(130)	–	–	–
Balance at end of financial year	32,283	31,086	–	–

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; Information Services – Canada, Wealth Management - Australia & New Zealand, and Wealth Management – South Africa.

In accordance with AASB136 'Impairment of Assets', impairment testing was completed as at 31 December 2008 and no impairment of goodwill was indicated.

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

	Consolidated	
	2008 \$'000	2007 \$'000
Information Services – Canada (a) (b)	10,535	10,125
Wealth Management – Australia & New Zealand (a)	15,471	14,144
Wealth Management – South Africa (a) (b)	6,277	6,817
Balance at end of financial year	32,283	31,086

(a) refer Note 23 for a description of the operations of these cash generating units

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

Information Services – Canada

The recoverable amount of the Information Services – Canada unit has been determined based on a value in use calculation using cash flow projections based on the budgets approved by management for the twelve months ending 31 December 2009.

Wealth Management – Australia & New Zealand

The recoverable amount of the Wealth Management – Australia & New Zealand unit has been determined based on a value in use calculation using cash flow projections based on the budgets approved by management for the twelve months ending 31 December 2009.

Wealth Management – South Africa

The recoverable amount of the Wealth Management – South Africa unit has been determined based on a value in use calculation using cash flow projections based on the budgets approved by management for the twelve months ending 31 December 2009.

Notes to the Financial Statements for the Year Ended 31 December 2008

	Note	Consolidated		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
11. Deferred Tax Assets					
Temporary differences attributable to					
Parent entity		3,163	1,460	3,163	1,461
Entities in the tax consolidated group	30	(44)	784	–	–
Other entities (a)		320	972	–	–
Tax losses – other entities		1,704	1,937	–	–
		5,143	5,153	3,163	1,461

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

12. Other Non-Current Financial Assets

Investment in subsidiaries	30				
At cost		–	–	21,203	21,203
Investment in shares at cost		58	–	58	–
		58	–	21,261	21,203

Investment in shares at cost 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.

13. Current Payables

Trade payables		6,730	5,555	4,255	3,544
Sundry creditors and accruals		5,594	4,191	3,461	2,183
		12,324	9,746	7,716	5,727

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

14. Current Tax Payables

Income tax payable attributable to					
Parent entity		4,646	4,760	4,646	4,977
Other entities		514	514	–	–
		5,160	5,274	4,646	4,977

Notes to the Financial Statements for the Year Ended 31 December 2008

15. Current Provisions

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Employee benefits (Note 24)	2,310	1,872	1,073	922
Dividends	25	22	25	22
Restructuring and termination costs	152	148	–	–
Provision for additional payment arising on the acquisition of subsidiaries	292	292	–	–
	2,779	2,334	1,098	944

	Consolidated	Company
	\$'000	\$'000
Dividends		
Opening balance	22	22
Additional provisions recognised	33,604	33,604
Reductions arising from payments/other sacrifices of future economic benefits	(33,601)	(33,601)
Closing balance (a)	25	25

- (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 2008, the balance represents unrepresented dividend cheques.

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Restructuring and termination costs				
Opening balance	148	523	–	–
Additional provisions recognised	4	–	–	–
Reductions arising from payments/other sacrifices of future economic benefits	–	375	–	–
Closing balance	152	148	–	–
Provision for additional payment arising on the acquisition of subsidiaries				
Opening balance	292	2,981	–	–
Reductions arising from payments/other sacrifices of future economic benefits	–	(2,689)	–	–
Closing balance	292	292	–	–

Notes to the Financial Statements for the Year Ended 31 December 2008

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
16. Non-Current Provisions				
Employee benefits (Note 24)	1,506	1,116	981	735
Provision for third party software licence	3,379	3,379	3,379	3,379
Provision for additional payment arising on the acquisition of subsidiaries	1,685	2,384	–	–
	6,570	6,879	4,360	4,114
Provision for additional payment arising on the acquisition of subsidiaries				
Opening balance	2,384	–	–	–
Provision recognised on acquisition of subsidiaries	101	2,384	–	–
Reductions arising from payments/other sacrifices of future economic benefits	(800)	–	–	–
Closing balance	1,685	2,384	–	–

17. Issued Capital

Issued Capital

121,893,449 fully paid ordinary shares
(2007: 118,602,360)

	2008		2007	
	No. '000	\$'000	No. '000	\$'000
	75,898	69,246	75,898	69,246

Fully Paid Ordinary Share Capital

Balance at beginning of financial year	118,602	69,246	111,702	20,694
Issue of shares to IRESS Market Technology Equity Plan Trust ('Trust') pursuant to share plans (a)	2,209	–	950	–
Issue of shares to IWL Limited in consideration for VisiPlan Pty Ltd.	–	–	5,950	48,552
Issue of shares to CPS International Holdings Pty Ltd in consideration for Dealer Management Systems Pty Ltd	1,083	6,652	–	–
Balance at end of financial year	121,894	75,898	118,602	69,246

(a) Additional issued capital arising from the issue of these shares in the years ended 31 December 2008 and 31 December 2007 amounted to \$68 and \$52 respectively.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Notes to the Financial Statements for the Year Ended 31 December 2008

Performance Rights

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

Pursuant to performance rights granted in prior years which vested during the year, 1,384,285 shares were subscribed for by the Trust.

Deferred Shares

Pursuant to deferred shares granted to the Managing Director, executives and employees (refer Note 37) during the year which have not yet vested, 1,646,940 new shares were subscribed for by the Trust.

Following cancellations of deferred share rights granted to employees at 31 December 2008, the Trust holds 5,350 treasury shares.

Consolidated		Company	
2008	2007	2008	2007
\$'000	\$'000	\$'000	\$'000

18. Reserves

Reserves Comprise

Share based payments reserve	17,592	11,641	17,592	11,641
Foreign currency translation reserve	(874)	(977)	–	–
	16,718	10,664	17,592	11,641

Movements in Share Based Payments Reserves

Balance at beginning of financial year	11,641	7,402	11,641	7,402
Share based payments expense	5,951	4,239	5,951	4,239
Balance at end of financial year	17,592	11,641	17,592	11,641

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

Balance at beginning of financial year	(977)	(803)	–	–
Translation of foreign operations	103	(174)	–	–
Balance at end of financial year	(874)	(977)	–	–

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).

Notes to the Financial Statements for the Year Ended 31 December 2008

19. Retained Earnings

Balance at beginning of financial year	21,522	22,426	38,224	34,369
Net profit attributable to members of the parent entity	35,623	25,477	37,299	30,236
Dividends provided for or paid	<u>(33,604)</u>	<u>(26,381)</u>	<u>(33,604)</u>	<u>(26,381)</u>
Balance at end of financial year	23,541	21,522	41,919	38,224

20. Dividends

	31 December 2008		31 December 2007	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Fully paid ordinary shares				
Recognised amounts				
Interim dividend fully franked at 30%	12.0	14,627	10.0	11,860
Final dividend fully franked at 30% (a)	16.0	<u>18,977</u>	13.0	<u>14,521</u>
		33,604		26,381
Unrecognised amounts				
Final dividend fully franked at 30% (b)	19.0	<u>23,160</u>	16.0	<u>18,976</u>
		23,160		18,976

(a) 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.

(b) The estimated value of the 2008 final dividend has been calculated based on 121,893,449 ordinary shares.

	Company	
	2008 \$'000	2007 \$'000
Adjusted franking account balance (a)	19,267	19,887

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

Notes to the Financial Statements for the Year Ended 31 December 2008

Consolidated		Company	
2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000

21. Notes to the Cash Flow Statement

Reconciliation of Cash

For the purposes of the cash flow statement, 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 cash flow statement is reconciled to the related items in the balance sheet as follows

Cash	45,678	20,001	35,083	12,692
------	--------	--------	--------	--------

Reconciliation of Profit Attributable to Members of the Parent Entity to Net Cash Flows from Operating Activities

Profit for the period	35,623	25,477	37,299	30,236
Profit/loss on sale of non-current assets	16	203	(1)	124
Depreciation and amortisation of non-current assets	22,611	17,710	6,212	4,111
Doubtful debts expense	1,408	50	799	–
Net foreign exchange (gain) / loss	6	64	(1,493)	(334)
Equity settled share based payments	5,951	4,239	5,952	4,239
Increase/(decrease) in deferred tax balances	1,157	128	8	520
Changes in net assets and liabilities, net of effect of acquisitions				
(Increase)/decrease in assets				
current receivables	860	(2,718)	762	(1,286)
other current assets	(5,568)	(1,677)	(13,198)	(5,293)
Increase/(decrease) in liabilities				
current trade payables	2,578	2,133	1,989	810
other non-current liabilities	379	6,338	246	3,660
other provisions	445	(2,740)	154	79
current tax liability	(2,058)	(3,482)	(2,058)	(3,919)
Net cash from operating activities	63,408	45,725	36,671	32,947

Subsidiaries Acquired During the Year

During the year, the consolidated entity acquired some subsidiaries (refer Note 22). The net outflow on acquisition was \$1.770m.

Notes to the Financial Statements for the Year Ended 31 December 2008

22. Acquisition of Businesses

TransActive

On 1 May 2008, IRESS Wealth Management Pty Ltd (formerly XPLAN Technology Pty Ltd) acquired 100% of TransActive Systems Pty Ltd. TransActive provides financial planning technology and related services to mortgage brokers and financial planners in Australia. TransActive was acquired for a total of \$1.987m (comprising \$1.937m cash and acquisition costs of \$0.050m).

Details of 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	116
Receivables	58
Tax assets	–
Non-Current Assets	
Plant and equipment	6
Computer software	1,630
Intangibles	–
Deferred tax assets	20
Current Liabilities	
Payables	(25)
Provisions	(103)
	1,702
Goodwill arising on acquisition	285
	1,987

Other than for Computer software and other Intangible assets recognised, there were no fair value adjustments to the net book value of the assets acquired.

In its acquisition of TransActive Systems Pty Ltd, IRESS Wealth Management Pty Ltd 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.

The fair value of the net asset acquired, including goodwill arising on acquisition, has been provisionally determined. As at the date of this report, the Directors have not finalised their assessment of fair value.

Since acquisition, TransActive has contributed revenue of \$0.429m to the consolidated group.

In accordance with AASB3 Business Combinations, management estimate that if the TransActive acquisition had been at the beginning of the period, TransActive's revenue contribution to the Consolidated Entity for the period 1 January 2008 to 31 December 2008 would have totalled \$0.644m.

Contingent Liabilities and Capital Commitments

The Directors are of the opinion that there is no change to the Consolidated Entity's contingent liabilities or capital commitments arising from the TransActive acquisition.

Notes to the Financial Statements for the Year Ended 31 December 2008

Dealer Management Systems

On 1 August 2008, IRESS Wealth Management Pty Ltd (formerly XPLAN Technology Pty Ltd) acquired 100% of Dealer Management Systems Pty Ltd ('DMS'). The DMS business entails the provision of commission processing and remuneration management services for financial planners in Australia. In addition, DMS owns the FundClick application form technology which can be used to facilitate completion of a product disclosure statement. DMS was acquired for a total of \$6.877m (including \$0.226m of cash left in the business and acquisition costs of \$0.125m) which comprised 1.083m ordinary shares in IRESS at a market value of \$6.14 and \$0.100m of deferred consideration. The deferred payment is payable in August 2010.

Details of 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	226
Receivables	114
Tax assets	69
Non-Current Assets	
Plant and equipment	14
Computer software	5,668
Intangibles	–
Current Liabilities	
Payables	(38)
Provisions	(218)
	<u>5,835</u>
Goodwill arising on acquisition	<u>1,042</u>
	<u>6,877</u>

Other than for Computer software and other Intangible assets recognised, there were no fair value adjustments to the net book value of the assets acquired.

In its acquisition of DMS, IRESS Wealth Management Pty Ltd 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.

The fair value of the net asset acquired, including goodwill arising on acquisition, has been provisionally determined. As at the date of this report, the Directors have not finalised their assessment of fair value.

Since acquisition, DMS has contributed revenue of \$0.752m to the consolidated group.

In accordance with AASB3, management estimate that if the DMS acquisition had been the beginning of the period, DMS' revenue contribution to the Consolidated Entity for the period 1 January 2008 to 31 December 2008 would have totalled \$1.805m.

Notes to the Financial Statements for the Year Ended 31 December 2008

The following table sets out the cash flow impact of both the TransActive and DMS acquisitions.

	TransActive \$'000	DMS \$'000	Total cost of acquisition \$'000
Total consideration	1,987	6,877	8,864
Less non-cash consideration	–	(6,652)	(6,652)
Less provision for second payment	–	(100)	(100)
Cash paid	1,987	125	2,112
Less cash and cash equivalent balances acquired	116	226	342
Net cash outflow on acquisition	1,871	(101)	1,770

23. Segment Information

The consolidated entity operates in two areas – Information Services and Financial Planning Services. The composition of each segment is as follows.

Information Services

The consolidated entity's information services segment activities consist of the provision of information, trading, compliance, order management, portfolio systems and related tools. The principal clients comprise Australian and New Zealand domestic equity participants and participants in the Canadian equity markets.

Any transactions directly between the consolidated entity and enterprises making up the Canadian operations are charged on an arms length basis.

Wealth Management Services

In this segment the consolidated entity provides financial planning systems and related tools to wealth management professionals located in Australia and New Zealand.

On 1 May 2008, IRESS Wealth Management Pty Ltd acquired 100% of TransActive Systems Pty Ltd. TransActive provides financial planning technology and related services to mortgage brokers and financial planners in Australia

On 1 August 2008, IRESS Wealth Management Pty Ltd acquired 100% of Dealer Management Systems Pty Ltd. The DMS business entails the provision of commission processing and remuneration management services for financial planners in Australia. In addition, DMS owns the FundClick application form technology which can be used to facilitate completion of a product disclosure statement.

Notes to the Financial Statements

for the Year Ended 31 December 2008

Segment Revenues

	External sales		Inter-segment sales		Total	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Information services						
Australia & New Zealand	99,689	89,558	–	–	99,689	89,558
Canada	19,206	11,998	–	–	19,206	11,998
Total information services	118,895	101,556	–	–	118,895	101,556
Wealth management						
Australia & New Zealand	39,306	28,800	–	–	39,306	28,800
South Africa	5,647	4,114	–	–	5,647	4,114
Total wealth management	44,953	32,914	–	–	44,953	32,914
Total of all segments	163,848	134,470	–	–	163,848	134,470
Interest					1,184	977
Eliminations					–	–
Unallocated					63	–
Consolidated					165,095	135,447

Notes to the Financial Statements for the Year Ended 31 December 2008

Segment Results

	2008 \$'000	2007 \$'000
Information services		
Results from wholly owned operations		
Australia and New Zealand	45,248	38,913
Canada	1,682	(2,558)
Wealth management		
Australia & New Zealand	48	33
South Africa	874	1,450
Total of all segments	47,852	37,838
Eliminations	-	-
Interest	1,184	977
Profit before income tax expense	49,036	38,815
Income tax expense	(13,413)	(13,338)
Profit attributable to the members of the parent entity	35,623	25,477

Other Segment Information

	Information services		Wealth management	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Acquisition of property, plant and equipment, intangible assets and other non-current assets	22,908	15,765	56,631	59,961
Depreciation	4,960	3,552	547	585
Amortisation	2,753	3,683	12,283	9,017

Notes to the Financial Statements for the Year Ended 31 December 2008

24. Employee Benefits

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
The aggregate employee benefit liability recognised and included in the financial statements is as follows				
Provision for employee benefits				
Current (Note 15)	2,310	1,872	1,073	922
Non-current (Note 16)	1,506	1,116	981	735
	3,816	2,988	2,054	1,657
	2008 No.	2007 No.	2008 No.	2007 No.
Number of employees (full time equivalent basis) and directors at end of the financial year	450	405	156	148

25. Remuneration of Auditors

	Consolidated		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
Auditor of the parent entity (a)	202,824	166,575	184,000	166,575
Taxation services	32,900	22,000	32,900	22,000
Other services (b)	–	67,500	–	67,500
	235,724	256,075	216,900	256,075
Related practice of parent entity auditor (c)				
Taxation services	44,660	40,990	–	–
	44,660	40,990	–	–
Other auditors				
Auditing the financial report	–	–	–	–
	280,384	297,065	216,900	256,075

- (a) The auditor of IRESS Market Technology Limited is Deloitte Touche Tohmatsu.
- (b) Other services primarily included remuneration associated with business acquisitions and due diligence.
- (c) Remuneration paid to international associates of Deloitte Touche Tohmatsu Australia located in Canada, New Zealand and South Africa.

Notes to the Financial Statements for the Year Ended 31 December 2008

26. Commitments for Expenditure

Lease Commitments

Non-cancellable operating lease commitments are disclosed in Note 28 to the financial statements.

27. Contingent Liabilities

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

	2008 \$'000	2007 \$'000
IRESS Market Technology (NZ) Limited	1,288	377
	1,288	377

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

28. Leases

Leasing Arrangements

Operating leases relate to office facilities with lease terms of between 2 to 10 years. The Company/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 2008, the total rental bank guarantees in place amounted to \$2.166m.

	Consolidated		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Non-Cancellable Operating Leases				
Not longer than 1 year	3,086	2,560	2,554	1,970
Longer than 1 year and not longer than 5 years	10,584	10,533	9,011	8,971
	13,670	13,093	11,565	10,941

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

Make Good Provisions

Current	164	164	164	164
Non-current	-	-	-	-

Notes to the Financial Statements for the Year Ended 31 December 2008

29. Subsidiaries

Name of entity	Country of incorporation / Principal activity	Ownership interest	
		2008 %	2007 %
Parent entity			
IRESS Market Technology Limited (a)	Australia		
Subsidiaries			
IRESS Market Technology (NZ) Limited	New Zealand / Provision of sales and related services to users of IRESS technologies in New Zealand	100	100
IRESS Wealth Management Pty Ltd (b) (c)	Australia / Provision of financial planning technology and related services	100	100
IRESS Canada Holdings Limited	Canada / Holding company	100	100

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

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

(c) Formerly XPLAN Technology Pty Ltd. This name change occurred on 20 November 2008.

Notes to the Financial Statements for the Year Ended 31 December 2008

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	2008 %	2007 %
PlanTech Holdings Pty Ltd	Australia / Holding company for PlanTech companies below	100	100
PlanTech Consulting Group Pty Ltd	Australia / Provider of risk (life insurance) information and PlanTech's financial planning services	100	100
PlanTech Consulting NZ Pty Limited (a)	New Zealand / Provision of training related services to users of PlanTech Consulting Group Pty Ltd technologies in New Zealand	N/A	100
Planning Resources Group Pty Ltd	Australia / No active operations, currently receives small amount of passive income associated with former PlanTech business	100	100
Planning Technologies Pty Ltd	Australia / Dormant	100	100
VisiPlan Pty Ltd	Australia / Provision of financial planning technology and related services	100	100
TransActive Systems Pty Ltd (b)	Australia / Provision of mortgage information and related services	100	0
Dealer Management Systems Pty Ltd (c)	Australia / Provision of financial planning technology and related services	100	0

(a) Wound up pursuant to Members Voluntary Liquidation effective 25 December 2008.

(b) These interests were acquired on 1 May 2008.

(c) These interests were acquired on 1 August 2008.

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	2008 %	2007 %
IRESS Spotlight Wealth Management Solutions (RSA) Pty Ltd (a)	Australia / Provision of financial planning technology and related services	100	100
Spotlight Interactive (Pty) Ltd	South Africa / Provision of financial planning technology and related services	100	100
Advicenet Advisory Services (Pty) Ltd	South Africa / Provision of financial planning technology and related services	100	100
IRESS Wealth Management (RSA) (Proprietary) Limited	South Africa / Dormant	100	100

(a) Formerly IRESS Wealth Management Solutions (RSA) Pty Ltd. This name change occurred on 27 October 2008.

Notes to the Financial Statements for the Year Ended 31 December 2008

IRESS Canada Holdings Limited holds the following controlled entities.

Name of business acquired / incorporated	Country of incorporation / Principal activity	2008 %	2007 %
IRESS (Ontario) Limited	Canada / Holding company	100	100
KTG Technologies Corp.	Canada / Provision of execution terminals to the Canadian equity markets	100	100
IRESS Market Technology Canada Lp	Canada / Development and commercialisation of IRESS technologies in Canada	100	100
IRESS (LP) Holdings Corp.	Canada / General partner to IRESS KTG Canada Lp	100	100

30. Subsequent Events

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

31. Financial Instruments

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.

The company and consolidated entity does not currently enter into derivative transactions.

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

a) Foreign Currency Risk

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

Notes to the Financial Statements

for the Year Ended 31 December 2008

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

The company does not hedge the effect of the exchange rate movements on these loans. Details of the terms of loans to subsidiaries are detailed in Note 32.

The carrying value of the company's receivables is based on the prevailing exchange rates at year end and unrealised gains and losses arise mainly from movement in the Canadian dollar denominated loan with wholly owned subsidiaries.

Sensitivity of financial performance to movements in the Canadian dollar can be demonstrated using assumptions that are not necessarily relevant to the future financial position of the company, and assuming a principal balance based on the 31 December 2008 year end balance. The effect of a change in the exchange rate on unrealised gains/losses and reported financial performance is as follows.

Movement in Exchange Rate CAD to AUD	Company Unrealised Gain/(Loss) AUD '000
Strengthened by CAD 1 cent	158
Weakened by CAD 1 cent	(158)

The company and consolidated entity regularly reassess 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 company and consolidated entity's liquidity is regularly monitored. IRESS currently has surplus funds invested in highly liquid instruments.

c) Interest Rate Risk

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

Sensitivity of cash deposits to movements in the interest rate can be demonstrated using assumptions that are not necessarily relevant to the future financial position of the company, and assuming a constant deposit amount based on 31 December 2008 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	Company \$'000
1%	456	200

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

d) Credit Risk

The company (other than in relation to loans with wholly owned subsidiaries) and the consolidated entity do not have any significant credit risk to any single counterparty or group of counterparties having similar characteristics.

Notes to the Financial Statements

for the Year Ended 31 December 2008

The company has a material exposure through receivables to clients in the financial services industry. The company actively manages this exposure, but recognises there has been an increase in the industry's risk profile over the last twelve months.

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.

32. Related Party Disclosures

a) Equity Interests in Related Parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 29 to the financial statements.

b) Key Management Personnel Disclosures

Details of key management personnel disclosures are set out in Note 33 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 Market Technology Limited.

Details of interest expense, allowances for doubtful receivables and write-downs of receivables in respect of transactions with entities in the wholly owned group are disclosed in Note 2 to the financial statements.

Amounts receivable from entities in the wholly owned group are disclosed in Note 7 to the financial statements. All loans advanced to and payable to subsidiaries are unsecured and subordinate to other liabilities. Interest is charged monthly on the outstanding inter-company loan balance at 5.30%p.a. During the financial year, IRESS Market Technology Limited received interest of \$3,849,138 (2007: \$3,194,775) from loans to subsidiaries, and paid interest of \$65,145 (2007: \$59,116) to subsidiaries.

During the financial year, the consolidated entity recognised a net receivable of \$443,891 (2007: \$717,037 payable) from its wholly owned subsidiaries for their taxes consolidated for the current period.

From 1 April 2006, the parent entity provided software development services to entities which make up the Canadian operations. These services are charged on an arms length basis and amount to \$1,084,140 (2007: \$1,209,285).

During the financial year, the parent entity provided sales and technical support, at cost to the parent, to entities in the wholly owned group.

d) Transactions with Other Related Parties

Details of interest expense, allowances for doubtful receivables and write-downs of receivables in respect of transactions with other related parties are disclosed in Note 2 to the financial statements. No amounts were provided for doubtful debts from a related party as at 31 December 2008 (2007: nil).

Notes to the Financial Statements

for the Year Ended 31 December 2008

Amounts receivable from and payable to subsidiaries are disclosed in Note 7 to the financial statements. The consolidated entity neither paid nor received any interest from loans to other related parties (2007: nil).

During the year, Spotlight Interactive (Pty) Ltd rented premises at commercial rates from Spotlight House (Pty) Ltd, an entity associated with Mr P Moretonas, an employee of Spotlight Interactive (Pty) Ltd. The amount paid was \$124,067 (2007: \$ 135,323).

e) Transactions with ASX Limited

ASX Limited ('ASX') owns 23.750 million 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 arms length basis.

Total fees paid to ASX for Australian equity and related market data and associated services in 2008 were \$11,744,803 (2007: \$9,745,542). Depending on the particular data set or service being subscribed for, these fees are typically based on either:

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

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

Notes to the Financial Statements for the Year Ended 31 December 2008

33. Key Management Personnel Disclosures

a) Key Management Personnel

The directors of IRESS Market Technology Limited during the year were:

- Mr N Hamilton (Chairman, non-executive director);
- Mr P Dunai (Managing Director, executive director);
- Mr J Killen (Chairman of the Audit Committee, non-executive director);
- Mr A Richards (non-executive director, retired 30 April 2008);
- Mr B Burdett (non-executive director); and
- Ms J Seabrook (non-executive director, appointed 20 August 2008).

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

- Mr S Bland (Chief Financial Officer);
- Ms K Gross (General Manager, Products, Sales & Marketing);
- Mr A Rudy (General Manager Operations);
- Mr J Rudy (Manager, Sales & Support);
- Mr D Walker (Chief Technical Officer); and
- Mr A Walsh (General Manager Wealth Management).

The full Board in accordance with the Company's Nominations and Remuneration Charter reviews the remuneration packages of all directors and executives on an annual basis. Remuneration packages are reviewed and determined with due regard to current market rates and are benchmarked against comparable industry salaries, 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. The managing director has a fixed term employment contract expiring in May 2010. Termination payments would arise should directors elect to terminate this contract prior to expiry. The employment contracts for executives are open ended. The minimum notice period for any executive is 3 months, and the maximum is 6 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.

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.

Notes to the Financial Statements for the Year Ended 31 December 2008

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

	Consolidated		Company	
	2008 \$	2007 \$	2008 \$	2007 \$
Short-term employee benefits	3,585,841	2,963,319	3,056,966	2,535,819
Post-employment benefits	269,123	270,361	221,524	231,886
Other long-term benefits	–	–	–	–
Termination benefits	–	–	–	–
Share-based payment	2,448,760	2,805,063	2,095,886	2,408,560
	6,303,724	6,038,743	5,374,376	5,176,265

Notes to the Financial Statements for the Year Ended 31 December 2008

b) Key Management Personnel Equity Holdings

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

2008	Opening balance No.	Granted as compensation No.	Received on exercise of options No.	Received on vesting of performance rights No. (a)	Net other change No.	Closing balance No.	Balance held nominally No.
Directors							
Mr N Hamilton	100,000	–	–	–	–	100,000	–
Mr P Dunai	190,000	–	–	165,625	–	355,625	–
Mr J Killen	100,000	–	–	–	–	100,000	–
Mr A Richards	15,000	–	–	–	(15,000)	–	–
Mr B Burdett	40,000	–	–	–	40,000	80,000	–
Ms J Seabrook	–	–	–	–	10,000	10,000	–
Executives							
Mr S Bland	115,000	–	–	90,000	–	205,000	–
Ms K Gross	107,250	–	–	75,000	–	182,250	–
Mr A Rudy	105,000	–	–	65,000	(106,657)	63,343	–
Mr J Rudy	40,000	–	–	75,000	(75,000)	40,000	–
Mr D Walker	221,400	–	–	85,000	–	306,400	–
Mr A Walsh	–	–	–	–	–	–	–
2007							
Directors							
Mr N Hamilton	100,000	–	–	–	–	100,000	–
Mr P Dunai	53,600	–	–	136,400	–	190,000	–
Mr J Killen	100,000	–	–	–	–	100,000	–
Mr A Richards	10,000	–	–	–	5,000	15,000	–
Mr B Burdett	–	–	–	–	40,000	40,000	–
Executives							
Mr S Bland	60,745	–	–	77,500	(23,245)	115,000	–
Ms K Gross	59,750	–	–	77,500	(30,000)	107,250	–
Mr A Rudy	78,000	–	–	43,400	(16,400)	105,000	–
Mr J Rudy	40,000	–	–	43,400	(43,400)	40,000	–
Mr D Walker	190,000	–	–	74,400	(43,000)	221,400	–
Mr A Walsh	–	–	–	–	–	–	–

(a) This includes shares which may not be beneficially held by the director or executive as the shares have not been withdrawn from the share trust.

Notes to the Financial Statements

for the Year Ended 31 December 2008

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

	Opening unvested balance No.	Granted as compensation No.	Vested during the period No. (b)	Closing unvested balance No.
2008				
Directors (a)				
Mr P Dunai	1,000,000	200,000	(165,625)	1,034,375
Executives				
Mr S Bland	196,390	46,000	(90,000)	152,390
Ms K Gross	172,110	33,000	(75,000)	130,110
Mr A Rudy	143,400	30,000	(65,000)	108,400
Mr J Rudy	153,400	28,000	(75,000)	106,400
Mr D Walker	191,390	42,000	(85,000)	148,390
Mr A Walsh	171,950	56,000	–	227,950
2007				
Directors (a)				
Mr P Dunai	1,136,400	–	(136,400)	1,000,000
Executives				
Mr S Bland	227,500	46,390	(77,500)	196,390
Ms K Gross	212,500	37,110	(77,500)	172,110
Mr A Rudy	153,400	33,400	(43,400)	143,400
Mr J Rudy	163,400	33,400	(43,400)	153,400
Mr D Walker	219,400	46,390	(74,400)	191,390
Mr A Walsh	120,000	51,950	–	171,950

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

(b) Upon vesting, performance rights are exercisable. All performance rights which vested during the relevant year were exercised prior to the year end in both 2007 and 2008.

Details of the terms and conditions of the Employee Performance Rights plan and the Peter Dunai Performance Rights plan are set out in Notes 36 to 37.

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

Notes to the Financial Statements for the Year Ended 31 December 2008

Deferred shares issued by IRESS Market Technology Limited to key management personnel, or to a related party of them

	Opening unvested balance No.	Granted as compensation No.	Vested during the period No.	Closing unvested balance No.
2008				
Directors (a)				
Mr P Dunai	–	100,000	–	100,000
Executives	–		–	
Mr S Bland	–	15,000	–	15,000
Ms K Gross	–	11,000	–	11,000
Mr A Rudy	–	10,000	–	10,000
Mr J Rudy	–	9,500	–	9,500
Mr D Walker	–	14,000	–	14,000
Mr A Walsh	–	19,000	–	19,000

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

Other Transactions with Key Management Personnel

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

There are no assets arising from transactions with key management personnel or their related parties at 31 December 2008.

There are no liabilities arising from transactions other than compensation with key management personnel or their related parties at 31 December 2008.

34. 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 Peter Dunai Performance Rights Plan;
- the Employee Deferred Share Plan; and
- the Employee Deferred Share Rights Plan.

Summaries of the rules governing the above plans are set out in Notes 36 to 39 respectively.

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

Notes to the Financial Statements for the Year Ended 31 December 2008

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 31/12/08 % (c)	Valid outstanding 31/12/08
May 2005 PDPR	9/5/05	3.70	2.18	27.0	3.5	5.3	A	Yes	60	100	400,000
May 2005 PR	9/5/05	3.70	2.31	27.0	3.5	5.3	A	Yes	36	N/A	–
May 2006 PDPR	8/5/06	5.80	3.81	27.0	3.7	5.7	A	Yes	48	99.3	434,375
May 2006 PR	8/5/06	5.80	3.60	27.0	3.7	5.7	A	Yes	36	99.3	1,068,750
May 2007 PR	7/5/07	8.60	5.39	27.0	2.9	6.0	A	Yes	36	85.1	896,682
May 2008 DS	7/5/08	6.26	6.26	N/A	N/A	N/A	B	No	24	100	718,120
May 2008 DSR	7/5/08	6.26	5.76	35	4.3	6.4	B	No	24	100	84,500
May 2008 PR	7/5/08	6.26	3.85	35	4.3	6.4	A	No	36	94.8	291,000
Aug 2008 PR	19/8/08	6.15	3.69	35	4.3	5.7	A	No	36	83.7	200,000
Aug 2008 DS	19/8/08	6.15	6.15	N/A	N/A	N/A	B	No	21	100	100,000

(a) PDPR refer Note 36, PR refer Note 35, DS refer Note 37, DSR refer Note 38.

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

(c) Indicative vesting has been calculated based on ranking relative to the benchmark as at 31 December 2008. Actual vesting will be determined based on performance at tend of vesting period. Deferred shares and deferred share rights are assumed to fully vest for this analysis.

Notes to the Financial Statements for the Year Ended 31 December 2008

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

Holder / Incentive Plan	Unvested 1/1/08 or granted during the year '000	Vested '000	Cancelled '000	Unvested 31/12/08 '000
Managing Director				
May 2005 PDPR	500	(100)	–	400
May 2006 PDPR	500	(66)	–	434
August 2008 PR	200	–	–	200
August 2008 DS	100	–	–	100
Executives				
May 2005 PR	390	(390)	–	–
May 2006 PR	390	–	–	390
May 2007 PR	249	–	–	249
May 2008 PR	235	–	–	235
May 2008 DS	79	–	–	79
Staff				
May 2005 PR	829	(829)	–	0
May 2006 PR	707	–	(29)	678
May 2007 PR	682	–	(33)	649
May 2008 PR	56	–	–	56
May 2008 DS	645	–	(5)	640
May 2008 DSR	89	–	(4)	85

Notes to the Financial Statements

for the Year Ended 31 December 2008

The following table sets out the share rights of directors, executives and staff exercised during the year (including options exercised where no share based expense has been recognised in the financial statements due to the A-IFRS transitional provisions), and the weighted average share price prevailing on the date of exercise.

Incentive Plan	2008		2007	
	Quantity	Weighted average share price (\$) (a)	Quantity	Weighted average share price (\$) (b)
May 2004 PR	–	–	950,460	8.94
May 2005 PR	1,218,660	6.36	–	–
May 2005 PDPR	100,000	6.44	–	–
May 2006 PDPR	65,625	6.44	–	–

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

35. 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:

Notes to the Financial Statements for the Year Ended 31 December 2008

- i) a bonus issue; or
- ii) a reconstruction of the Company's issued capital.
- i) Performance rights will not be quoted on the ASX, however upon issuance of shares in accordance with the PR Plan rules, the Company will immediately apply for quotation of those shares on the ASX.
- j) The exercise price for a performance right holder to subscribe for and be allotted, credited as fully paid, shares arising under the Plan, is \$1, irrespective of the number of performance rights exercised on the applicable day. The \$1 fee is payable each time a performance right holder subscribes for shares under the Plan.
- k) During the 'restriction period', any share provided on the exercise of a performance right is held on trust by the trustee. In addition to other restrictions the Board considers necessary to give effect to the restrictions, it may place a holding lock on these shares.
- l) Shares may be withdrawn from the Trust upon the submission and approval of a valid 'withdrawal notice'.

Performance Criteria

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

Performance ranking

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

Performance ranking range	Number of performance rights exercisable.
Below 50th percentile	No rights exercisable.
50th percentile	50% of the rights in the tranche available to be exercised.
51st percentile to 74th percentile	Rights available in the tranche available to be exercised will be determined on a pro-rata basis between 50% and 100% depending on the Company's percentile performance ranking.
75th percentile or higher	100% of rights in the tranche available to be exercised.

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

Tranches

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

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

Notes to the Financial Statements for the Year Ended 31 December 2008

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) For performance rights issued in 2005 and subsequent years, 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.

36. Summary of the Peter Dunai Performance Rights Plan

The Peter Dunai Performance Rights plan is similar in operation to the Employee Performance Rights Plan outlined in Note 35.

Key areas of difference are as follows.

General Rules

- a) The Plan is open to Mr Dunai while he holds the positions of either Managing Director of, or consultant to, IRESS during his current (five year) employment contract.
- b) A total of 1,000,000 performance rights have been issued under the Plan with two grants of 500,000 performance rights. The first tranche was issued on 9 May 2005, and the second tranche on 8 May 2006.
- c) Where the Managing Director leaves the Company because IRESS terminates his contract for cause (e.g. dishonesty), all unvested rights lapse immediately. Where the Managing Director leaves the Company for any other reason, he retains the performance rights granted to him until they are either able to be exercised or lapse at the end of the performance period.

Parcels and Tranches

The performance rights will vest in two series each comprising three tranches, as follows.

- a) Series 1 (which were granted on 9 May 2005)
 - Tranche 1 a maximum of 20% of rights issued (in the series) vest at the end of year 3 based on the Company's performance ranking for the performance period for the tranche (from 9 May 2005 to 8 May 2008).
 - Tranche 2 a maximum of 20% of rights issued (in the series) vest at the end of year 4 based on the Company's performance ranking for the performance period for the tranche (from 9 May 2005 to 8 May 2009).
 - Tranche 3 a maximum of 60% of rights issued (in the series), plus any rights from tranches 1 & 2 which were not available to be exercised at the end of the relevant performance period, vest at the end of year 5 based on the Company's performance ranking for the performance period for the tranche (from 9 May 2005 to 8 May 2010).
- b) Series 2 (which were granted on 8 May 2006)
 - Tranche 1 a maximum of 15% of rights issued (in the series) vest at the end of year 2 based on the Company's performance ranking for the performance period for the tranche (from 8 May 2006 to 7 May 2008).

Notes to the Financial Statements for the Year Ended 31 December 2008

- Tranche 2 a maximum of 35% of rights issued (in the series) vest at the end of year 3 based on the Company's performance ranking for the performance period for the tranche (from 8 May 2006 to 7 May 2009).
- Tranche 3 a maximum of 50% of rights issued (in the series), plus any rights from tranches 1 & 2 which were not available to be exercised at the end of the relevant performance period, vest at the end of year 4 based on the Company's performance ranking for the performance period for the tranche (from 8 May 2006 to 7 May 2010).

Performance Period

The performance period for each tranche in each series is as follows.

a) Series 1

- Tranche 1 the period commencing on 9 May 2005 and ending on 7 May 2008.
- Tranche 2 the period commencing on 9 May 2005 and ending on 7 May 2009.
- Tranche 3 period commencing on 9 May 2005 and ending on 7 May 2010.

b) Series 2

- Tranche 1 the period commencing on 8 May 2006 and ending on 7 May 2008.
- Tranche 2 the period commencing on 8 May 2006 and ending on 7 May 2009.
- Tranche 3 the period commencing on 8 May 2006 and ending on 7 May 2010.

Terms of the Rights

- a) Rights may be exercised during a two year period from the date on which they vest and, to the extent they are not exercised within that period, they will lapse.
- b) Should the performance criteria for any series not be met in the performance period for that series, the Company's ranking will be retested on a quarterly rest basis for up to 12 months after the end of the performance period for that series.
- c) Rights that have not vested by the sixth anniversary of the commencement date will lapse at that time.

37. Summary of the Employee Deferred Share Plan

On 26 March 2008, the IRESS Employee Share Plan (the Deferred Share Plan) was established. The Deferred Share plan is broadly similar in operation to the Employee Performance Rights Plan outlined in Note 35.

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.

Notes to the Financial Statements for the Year Ended 31 December 2008

Vesting Term and Criteria

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

38. Summary of the Employee Deferred Share Rights Plan

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

Key areas of difference are as follows.

General Rules

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

Vesting Term and Criteria

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

39. Summary of the IRESS Non-Executive Director Share Plan

The IRESS Non-Executive Directors share plan ('NED Plan') was established following the Company's Annual General Meeting in May 2008.

As 31 December 2008, and at the date of this report, no shares have been issued under the NED plan. The key terms of the NED Plan are set out below.

General Rules

- a) Participation in the NED Share Plan is voluntary.
- b) The maximum proportion of a participating non-executive director's remuneration which may be provided in the form of shares is 50%.
- c) It is currently proposed that shares will be allocated to participants for prescribed periods (either quarterly or half-yearly) and in advance. If a participating director ceases to hold office during this period he or she will forfeit a pro rata portion of shares for that period.
- d) Once allocated, the shares will be held in trust on behalf of participating directors in accordance with the terms of the NED Share Plan until the earlier of:
 - i) a prescribed period from the date of allocation;
 - ii) cessation of office; or
 - iii) the occurrence of a specified 'event' (such as a takeover is made for the Company, a scheme of arrangement is proposed or the Company is wound up).
- e) During this period, participating directors will not be able to sell or otherwise deal in the shares.
- f) While the shares are held on trust, participating directors will be entitled to dividends and voting rights and may enjoy other rights accruing to the shares in common with other shareholders (e.g. rights to participate in bonus and rights issues).
- g) If shares are not able to be provided to a participating director for any reason (e.g. because of legal impediments applicable at the time), cash will be provided instead.

Shareholder Information

The following information reflects shareholdings at 30 January 2009.

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	1,559	964,512	8	21	–
1,001 – 5,000	2,334	6,045,218	44	105	9
5,001 – 10,000	534	4,072,245	27	23	3
10,001 – 100,000	298	7,300,829	39	18	2
100,001 and over	44	103,510,645	8	–	–
Total	4,769	121,893,449	126	167	14

Number of shareholders with less than a marketable parcel 46

Ordinary Share Capital

- 121,893,449 fully paid ordinary shares are held by 4,769 shareholders
- All issued ordinary shares carry one vote per share held

Share Rights

- 3,290,807 performance rights held by 126 individual holders
- 84,500 deferred share rights held by 14 individual holders
- 818,120 deferred shares held by 167 individual holders
- Only deferred shares carry a right to vote

Treasury Shares

- 8,350 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	23,750,001	19.48
Commonwealth Bank Group	10,295,098	8.45
Perpetual Trustees Australia Limited	9,831,734	8.07
Perennial Value Management Limited	9,360,803	7.68
Schroder Investment Management Australia Limited	8,161,950	6.70
Hyperion Asset Management Limited	7,589,109	6.23
Northcape Capital Pty Ltd	7,555,517	6.20
JB Were Group Holdings Pty Ltd and JB Were Limited	7,231,388	5.93
Westpac Banking Corp/BT Investment Management Ltd	6,105,229	5.01
Total	89,880,829	78.44

Twenty Largest Shareholders of Quoted Equity Securities

Ordinary shareholders	Fully paid	
	Number	Percentage
ASX Limited	23,750,001	19.48
J P Morgan Nominees Australia Limited	19,608,629	16.09
National Nominees Limited	13,419,088	11.01
HSBC Custody Nominees (Australia) Limited	8,610,077	7.06
ANZ Nominees Limited <Cash income A/C>	8,299,979	6.81
Citicorp Nominees Pty Limited	3,460,472	2.84
Cogent Nominees Pty Limited	3,043,362	2.50
Citicorp Nominees Pty Limited <CFS Future Leaders Fund A/C>	2,147,168	1.76
UBS Nominees Pty Ltd	1,923,565	1.58
Pacific Custodian Pty Limited IRESS Equity Plan Trust	1,833,255	1.50
Queensland Investment Corporation	1,772,042	1.45
Citicorp Nominees Pty Limited <CWLTH Bank Off Super A/C>	1,752,637	1.44
Citicorp Nominees Pty Limited <CFSIL CFS WS Small Comp A/C>	1,423,219	1.17
RBC Dexia Investor Services Australia Nominees Pty Limited <GSJBW A/C>	1,389,628	1.14
CPS International Holdings Pty Ltd	1,083,334	0.89
Australian Foundation Investment Company Limited	1,036,791	0.85
Mirrabooka Investments Limited	907,994	0.74
Argo Investments Limited	791,884	0.65
UBS Wealth Management Australia Nominees Pty Ltd	790,878	0.65
Bond Street Custodians Limited <Macquarie Smaller Co's A/C>	638,000	0.52