

19 August 2008



The Manager  
Company Announcements Office  
Australian Stock Exchange  
10<sup>th</sup> Floor, 20 Bond Street  
SYDNEY NSW 2000

**ELECTRONIC LODGEMENT**

Dear Sir or Madam

**2008 Half Year Results - Financial Report**

Please find attached a copy of the financial report on the Company's results for the half-year ended 30 June 2008.

Yours sincerely

A handwritten signature in purple ink that reads "Stuart Bland".

Stuart Bland  
Company Secretary

**IRESS Market Technology Ltd**  
A.B.N. 47 060 313 359

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Level 18, 385 Bourke Street  
Melbourne Vic Australia  
Tel: (03) 9018 5800  
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**HALF YEAR  
FINANCIAL REPORT  
2008**

**iress**

## Highlights

Consolidated profit from ordinary activities before income tax, for the six months ended 30 June 2008 was \$23.5m, an increase of 21% on the previous year. Revenue before interest and other income was \$79.457m, an increase of 32% on the previous year. Basic earnings per share increased 38% to 15.238 cents per share.

The significant non-core operational items impacting on the current period's results include, acquisition related depreciation and amortisation charges of \$7.249m (2007: \$4.602m); and realised foreign currency loss of \$0.100m (2007: \$0.015m loss).

Directors have declared an interim dividend of 12.0 cents per share, fully franked, up from 10.0 cents in 2007.

## Financial Summary

### 6 months to 30 June 2008

	Consolidated half-year ended 30 June 2008	Consolidated half-year ended 30 June 2007
Total revenues (\$m)	79.8	60.5
Profit before income tax (\$m)	23.5	19.4
Profit attributable to the members of the parent entity (\$m)	18.1	12.6
Basic earnings per share (cents)	15.238	11.032

# Directors' Report

The directors of IRESS Market Technology Limited submit herewith the financial report for the half-year ended 30 June 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows.

The names of the directors of the company during or since the end of the half-year are:

- Mr N. Hamilton
- Mr P. Dunai
- Mr J. Killen
- Mr B. Burdett

The above named directors held office during and since the end of the half-year.

## 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 the Republic of South Africa.

## Review of Operations

During the half-year ended 30 June 2008 net 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;
- continued strong growth in recurring subscription revenues for our Wealth Management product in Australia and New Zealand (XPlan, PlanTech and VisiPlan);
- results from our South African operations were adversely affected by a sharp reduction in once off consulting revenue, combined with a decline in the ZAR against the AUD;
- the flow through impact of the strong growth in operating revenues from our Canadian operations (up 35% on the prior six months when measured in CAD), resulting in a significant EBITDA contribution;
- non-core operational items including acquisition related depreciation and amortisation charges of \$7.249m (2007: \$4.602m) and a realised foreign currency loss of \$0.100m (2007: \$0.015m loss).

# Directors' Report

## Auditors' Independence Declaration

The auditors' independence declaration is included on page 4 of the half-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.

Signed in accordance with a resolution of the Directors made pursuant to S. 306(3) of the Corporations Act 2001.

On behalf of the Directors



Mr P. Dunai  
Managing Director

MELBOURNE, 19 August 2008

# Auditors' Independence Declaration



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

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

19 August 2008

Dear Board Members

## Auditors' 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 review of the financial statements of IRESS Market Technology Limited for the half-year ended 30 June 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

A handwritten signature in blue ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in blue ink that reads "S. Pelusi".

S. Pelusi  
Partner  
Chartered Accountants

Liability limited by a Scheme approved under Professional Standards Legislation.

# Independent Auditor's Review Report to the Members of IRESS Market Technology Limited



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

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## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of IRESS Market Technology Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 24.

## Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year 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.

## Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the IRESS Market Technology Limited's financial position as at 30 June 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of IRESS, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# Independent Auditor's Review Report to the Members of IRESS Market Technology Limited (cont.)

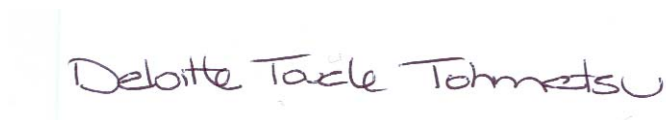
## Auditors' Independence Declaration

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

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of IRESS Market Technology Limited is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2008 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



DELOITTE TOUCHE TOHMATSU



S. Pelusi  
Partner  
Chartered Accountants

MELBOURNE, 19 August 2008

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# 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 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.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Mr P. Dunai  
Managing Director

MELBOURNE, 19 August 2008

# Consolidated Income Statement for the Half-Year Ended 30 June 2008

	Note	Consolidated	
		Half-year ended 30 June 2008 \$'000	Half-year ended 30 June 2007 \$'000
Revenue from ordinary activities		79,813	60,549
Customer data fees		(10,522)	(8,641)
Communication and other technology expenses		(4,381)	(3,408)
Employee related expenses	2	(27,165)	(19,459)
Other expenses including administration expenses		(1,854)	(1,414)
Facilities rent		(1,214)	(1,188)
Bad and doubtful debts		(11)	–
Business acquisition, and restructure expenses		–	(143)
Depreciation & amortisation expense		(11,144)	(6,847)
<b>Profit before income tax expense</b>		<b>23,522</b>	<b>19,449</b>
Income tax expense		(5,386)	(6,873)
<b>Profit attributable to the members of the parent entity</b>		<b>18,136</b>	<b>12,576</b>
<b>Earnings per Share</b>	8		
Basic earnings per share (cents per share)		15.238	11.032
Diluted earnings per share (cents per share)		14.843	10.689

Notes to the financial statements are included on pages 12 to 24.

# Consolidated Balance Sheet as at 30 June 2008

	Consolidated	
	30 June 2008 \$'000	31 Dec 2007 \$'000
<b>Current Assets</b>		
Cash and cash equivalent assets	25,774	20,001
Receivables	9,273	9,301
Other financial assets	65	493
Tax assets	4,281	167
<b>Total current assets</b>	<b>39,393</b>	<b>29,962</b>
<b>Non-Current Assets</b>		
Plant and equipment	9,944	11,773
Computer software	38,316	43,289
Goodwill	29,140	31,086
Intangibles	803	1,147
Deferred tax assets	4,530	5,153
Other financial assets	58	–
<b>Total non-current assets</b>	<b>82,791</b>	<b>92,448</b>
<b>Total assets</b>	<b>122,184</b>	<b>122,410</b>
<b>Current Liabilities</b>		
Payables	11,096	9,746
Current tax payables	498	942
Provisions	2,638	2,334
<b>Total current liabilities</b>	<b>14,232</b>	<b>13,022</b>
<b>Non-Current Liabilities</b>		
Provisions	6,943	6,879
Deferred tax liabilities	988	1,077
<b>Total non-current liabilities</b>	<b>7,931</b>	<b>7,956</b>
<b>Total liabilities</b>	<b>22,163</b>	<b>20,978</b>
<b>Net assets</b>	<b>100,021</b>	<b>101,432</b>
<b>Equity</b>		
Issued capital	69,246	69,246
Reserves	10,093	10,664
Retained earnings	20,682	21,522
<b>Total equity</b>	<b>100,021</b>	<b>101,432</b>

Notes to the financial statements are included on pages 12 to 24.

## Consolidated Statement of Changes in Equity for the Half-Year Ended 30 June 2008

	Half-year ended 30 June 2008				
	Issued capital \$'000	Retained earnings \$'000	Reserves \$'000	Foreign currency translation reserve \$'000	Total \$'000
<b>Opening balance</b>	69,246	21,522	11,641	(977)	101,432
Increase/(decrease) in translation reserve arising on translation of self sustaining operations	–	–	–	(3,187)	(3,187)
Profit for the half-year	–	18,136	–	–	18,136
<b>Total recognised income/(expense) for the half-year</b>	–	<b>18,136</b>	–	<b>(3,187)</b>	<b>14,949</b>
Issue of share capital	–	–	–	–	–
Cost of share-based payments	–	–	2,616	–	2,616
Dividends paid	–	(18,976)	–	–	(18,976)
<b>Closing balance</b>	<b>69,246</b>	<b>20,682</b>	<b>14,257</b>	<b>(4,164)</b>	<b>100,021</b>

	Half-year ended 30 June 2007				
	Issued capital \$'000	Retained earnings \$'000	Reserves \$'000	Foreign currency translation reserve \$'000	Total \$'000
<b>Opening balance</b>	20,694	22,426	7,402	(803)	49,719
Increase/(decrease) in translation reserve arising on translation of self sustaining operations	–	–	–	(107)	(107)
Profit for the half-year	–	12,576	–	–	12,576
<b>Total recognised income/expense for the half-year</b>	–	<b>12,576</b>	–	<b>(107)</b>	<b>12,469</b>
Issue of share capital	48,552	–	–	–	48,552
Cost of share-based payments	–	–	1,918	–	1,918
Dividends paid	–	(14,522)	–	–	(14,522)
<b>Closing balance</b>	<b>69,246</b>	<b>20,480</b>	<b>9,320</b>	<b>(910)</b>	<b>98,136</b>

Notes to the financial statements are included on pages 12 to 24.

# Consolidated Cash Flow Statement for the Half-Year Ended 30 June 2008

	Consolidated	
	Inflows (outflows)	
	Half-year ended 30 June 2008 \$'000	Half-year ended 30 June 2007 \$'000
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	87,475	63,901
Payments to suppliers and employees	(50,682)	(35,335)
Interest and bill discounts received	433	517
Income tax paid	(9,253)	(8,094)
<b>Net cash provided by operating activities</b>	<b>27,973</b>	<b>20,989</b>
<b>Cash Flows from Investing Activities</b>		
Payment for plant and equipment	(1,650)	(5,511)
Payment for acquisition of subsidiary	(1,861)	(363)
Payment for investment securities	(58)	–
Proceeds from sale of plant and equipment	1	4
<b>Net cash used in investing activities</b>	<b>(3,568)</b>	<b>(5,870)</b>
<b>Cash Flows from Financing Activities</b>		
Dividends paid	(18,982)	(14,511)
<b>Net cash used in financing activities</b>	<b>(18,982)</b>	<b>(14,511)</b>
<b>Net increase/(decrease) in cash held</b>	<b>5,423</b>	<b>608</b>
Cash at the beginning of the half-year	20,001	22,900
Effects of exchange rate changes on the balance of cash held in foreign currencies	350	95
<b>Cash at the end of the half-year</b>	<b>25,774</b>	<b>23,603</b>

Notes to the financial statements are included on pages 12 to 24.

# Notes to the Financial Statements for the Half-Year Ended 30 June 2008

## 1. Basis of preparation of the half-year financial report

### Statement of compliance

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, and AASB 134 'Interim Financial Reporting' and other mandatory professional reporting requirements. Compliance with AASB134 ensures compliance with International Financial Reporting standard IAS34 'Interim Financial Reporting'.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report.

The condensed half-year financial report should be read in conjunction with the annual financial report of IRESS for the year ended 31 December 2007. All amounts are presented in Australian dollars unless otherwise indicated.

It is also recommended that the half-year financial report be considered together with any public announcements made by IRESS during the half-year ended 30 June 2008 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The half-year financial report was authorised for issue by the directors on 19 August 2008.

### Basis of preparation

The half-year 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.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

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 that are relevant to its operations and effective for annual reporting period commencing on or after 1 January 2008. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Consolidated Entity's policy.

### Summary of significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2007 annual financial report.

## 2. Employee related expenses

Employee related expenses for the Consolidated Entity can be broken down as follows.

	Half-year ended 30 June 2008 \$'000	Half-year ended 30 June 2007 \$'000
Total monetary based expense (a)	24,549	17,541
Share based payment expense (b)	2,616	1,918
<b>Total employee related expense</b>	<b>27,165</b>	<b>19,459</b>

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

(b) Expense recognised in accordance with AASB2 "Share Based Payments".

# Notes to the Financial Statements for the Half-Year Ended 30 June 2008

## 3. 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.

Prior to acquiring control of the Canadian operations on 1 April 2006, they were accounted for using the equity accounting method.

Any transactions directly between the consolidated entity and enterprises making up the Canadian operations are charged on an arms length basis and, prior to acquiring control, were recognised as external sales.

### 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.

From 22 September 2006 the wealth management services segment of the consolidated entity was expanded to incorporate the acquisition of PlanTech Holdings Pty Ltd. As a result of which, this segment obtained among other things, operations in the Republic of South Africa.

On 24 April 2007, Xplan Technology Pty Ltd acquired 100% of VisiPlan Pty Ltd. VisiPlan provides financial planning technology and related services to financial planners, primarily based in Australia, but also with operations in New Zealand.

On 1 July 2007, Xplan Technology Pty Ltd acquired 100% of Spotlight Interactive (Pty) Ltd. Spotlight provides financial planning technology and related services to financial planners, primarily based in the Republic of South Africa.

On 1 May 2008, 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.

# Notes to the Financial Statements for the Half-Year Ended 30 June 2008

## Segment Revenues

	30 June 2008 \$'000	30 June 2007 \$'000
Information services		
Australia & New Zealand	49,115	42,913
Canada	9,031	5,038
Total information services	<u>58,146</u>	<u>47,951</u>
Wealth management services		
Australia & New Zealand	18,660	11,394
South Africa	2,651	698
Total wealth management services	<u>21,311</u>	<u>12,092</u>
<b>Total of all segments</b>	<b><u>79,457</u></b>	<b><u>60,043</u></b>
Interest	428	515
Unallocated	(72)	(9)
<b>Consolidated</b>	<b><u>79,813</u></b>	<b><u>60,549</u></b>

## Segment Results

Information services		
Australia & New Zealand	22,307	20,341
Canada	514	(1,513)
Total information services	<u>22,821</u>	<u>18,828</u>
Wealth management services		
Australia & New Zealand	16	(234)
South Africa	329	349
Total wealth management services	<u>345</u>	<u>115</u>
<b>Total of all segments</b>	<b><u>23,166</u></b>	<b><u>18,943</u></b>
Interest	428	515
Unallocated	(72)	(9)
<b>Profit before income tax expense</b>	<b><u>23,522</u></b>	<b><u>19,449</u></b>
Income tax expense	(5,386)	(6,873)
<b>Profit attributable to the members of the parent entity</b>	<b><u>18,136</u></b>	<b><u>12,576</u></b>

# Notes to the Financial Statements for the Half-Year Ended 30 June 2008

## 4. Issued Capital

Ordinary shares	30 June 2008	31 December 2007
	\$'000	\$'000
119,986,645 fully paid ordinary shares (31 December 2007: 118,602,360)	69,246	69,246

Fully paid ordinary share capital	30 June 2008	
	No. '000	\$'000
Balance at beginning of half-year	118,602,360	69,246
Issue of shares under Employee Performance Rights Plan(a)	1,384,285	-
<b>Balance at end of half-year</b>	<b>119,986,645</b>	<b>69,246</b>

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

(a) Additional Issued Capital arising from the issue of these shares amounted to \$68 in total during the period.

### Performance rights plan

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 (refer notes 37 and 38 of IRESS' 31 December 2007 annual financial report). Once vested, the holder of the performance right is required to pay \$1 per series to exercise the performance right (refer note 10).

### Deferred share plan

Deferred Shares have been granted to certain executives and certain employees of the Consolidated Entity. These deferred shares will vest over time subject to the recipient continuing their employment and satisfying some basic personal performance criteria (refer note 11).

### Deferred share rights plan

Deferred Share Rights have been granted to certain executives and certain employees of the Consolidated Entity. These deferred rights will vest over time subject to the recipient continuing their employment and satisfying personal performance criteria (refer note 12). Once vested, the holder of the deferred share right is required to pay \$1 per series to exercise the deferred share right.

# Notes to the Financial Statements for the Half-Year Ended 30 June 2008

## 5. Dividends

	30 June 2008		30 June 2007	
	Cents per share	Total \$'000	Cents per share	Total \$'000
<b>Fully paid ordinary shares</b>				
Recognised amounts				
Final dividend franked to 30% (a)	16.0	18,976	13.0	14,522
		<b>18,976</b>		<b>14,522</b>
Unrecognised amounts				
Interim dividend fully franked to 30% (b)	12.0	14,615	10.0	11,860
		<b>14,615</b>		<b>11,860</b>

(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 interim dividend that will be declared subsequent to 30 June 2008 has been calculated based on 121,069,979 ordinary shares, comprising shares on issue at 30 June 2008 and the 723,470 shares subscribed for by the IRESS Employee Share Trust for May 2008 deferred shares granted to staff and executives (see Note 10).

## 6. Subsidiaries

Name of entity	Country of incorporation / Principal activity	Proportion of shares held %
<b>Parent entity</b>		
IRESS Market Technology Limited (a)	Australia	
<b>Subsidiaries</b>		
IRESS Market Technology (NZ) Limited	New Zealand / Provision of sales and related services to users of IRESS technologies in New Zealand	100
Xplan Technology Pty Ltd (b)	Australia / Provision of financial planning technology and related services	100
IRESS Canada Holdings Limited	Canada / Holding company	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.

## Notes to the Financial Statements for the Half-Year Ended 30 June 2008

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

Name of business acquired / incorporated	Country of incorporation / Principal activity	Proportion of shares held %
PlanTech Holdings Pty Ltd (a)	Australia / Holding company for PlanTech companies below	100
PlanTech Consulting Group Pty Ltd	Australia / Provider of risk (life insurance) information and PlanTech's financial planning services	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	100
Planning Resources Group Pty Ltd	Australia / No active operations, currently receives small amount of passive income associated with former PlanTech business	100
Planning Technologies Pty Ltd (a)	Australia / Dormant	100
VisiPlan Pty Ltd (b)	Australia / Provision of financial planning technology and related services	100
TransActive Systems Pty Ltd (c)	Australia / Provision of financial planning technology and related services	100

(a) These entities are in the process of being deregistered / liquidated under members voluntary liquidation.

(b) These interests were acquired on 24 April 2007.

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

In relation to its South African wealth management operations, Xplan Technology Pty Ltd holds the following controlled entities.

Name of business acquired / incorporated	Country of incorporation / Principal activity	Proportion of shares held %
IRESS Wealth Management Solutions (RSA) Pty Ltd (a)	Australia / Provision of financial planning technology and related services	100
Spotlight Interactive (Pty) Ltd (b)	South Africa / Provision of financial planning technology and related services	100
Advicenet Advisory Services (Pty) Ltd (b)	South Africa / Provision of financial planning technology and related services	100
IRESS Wealth Management (RSA) (Proprietary) Limited (c)	South Africa / Dormant	100

(a) Incorporated on 18 April 2007.

(b) These interests were acquired on 1 July 2007.

(c) Clean shelf company acquired on 26 February 2007.

# Notes to the Financial Statements for the Half-Year Ended 30 June 2008

IRESS Canada Holdings Limited holds the following controlled entities.

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

## 7. Acquisition of Businesses

### TransActive

On 1 May 2008, 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 \$0.05m).

Details on the assets and liabilities acquired are as follows.

Fair value of net assets acquired	Total fair value recognised on acquisition \$'000
<b>Current Assets</b>	
Cash and cash equivalent assets	116
Receivables	58
Tax assets	–
<b>Non-Current Assets</b>	
Plant and equipment	6
Computer software	1,630
Intangibles	–
Deferred tax assets	20
<b>Current Liabilities</b>	
Payables	(25)
Provisions	(103)
	<u>1,702</u>
Goodwill arising on acquisition	285
	<u>1,987</u>

# Notes to the Financial Statements for the Half-Year Ended 30 June 2008

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, Xplan Technology 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 \$0.115m to the consolidated group.

In accordance with AASB3 Business Combinations, management estimate that if revenue of the Consolidated Entity for the period, as though the acquisition date for the TransActive acquisition had been the beginning of the period (1 January 2008 to 30 June 2008), would total \$0.346m.

## 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.

## 8. Earnings per Share

		Half-year ended 30 June 2008	Half-year ended 30 June 2007
Basic earnings per share	Cents	15.238	11.032
Diluted earnings per share	Cents	14.843	10.689

### Basic earnings per share

		'000	'000
<b>The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows</b>			
Earnings used in the calculation of basic earnings per share reconciles to net profit in the income statement	\$	18,136	12,576
Weighted average number of ordinary shares (a)	No.	119,021	113,990
(a) Share options and 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			

# Notes to the Financial Statements for the Half-Year Ended 30 June 2008

## Diluted earnings per share

		Half-year ended 30 June 2008 '000	Half-year ended 30 June 2007 '000
<p>The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows</p>			
Earnings used in the calculation of diluted earnings per share reconciles to net profit in the income statement	\$	18,136	12,576
Weighted average number of ordinary shares and potential ordinary shares (refer to footnote (a) above)	No.	122,188	117,648
<p>Weighted average number of ordinary shares and potential 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</p>			
Weighted average number of ordinary shares used in the calculation of basic earnings per share	No.	119,021	113,990
Shares deemed to be issued for no consideration in respect of performance rights and employee options (i.e. the dilutive impact of performance rights and options in existence during the year that were exercisable at below the weighted average market price) (a)		3,167	3,658
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share		<b>122,188</b>	<b>117,648</b>
Weighted average number of converted, lapsed, or cancelled potential ordinary shares used in the calculation of diluted earnings per share		—	—
<p>(a) Option to purchase ordinary shares pursuant to the employee share scheme</p> <p>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 30 June 2008 continues at that level through to the final vesting date for the applicable performance right</p>			

## 9. Contingent Liabilities or Contingent Assets

Since the last reporting date, there has been no material change of any contingent liabilities or contingent assets. Refer to the 2007 Annual Report for further disclosure.

# Notes to the Financial Statements for the Half-Year Ended 30 June 2008

## 10. Share Based Payments

### May 2008 Vesting

For performance rights granted in May 2005; the company was ranked in the top quartile for a three year total shareholder return against its peer group of companies. This resulted in 1,218,660 valid performance rights issued to executives and staff in May 2005 vesting, and 100,000 performance rights vesting to the Managing Director.

For performance rights granted to the Managing Director in May 2006; the Company was ranked at the 69<sup>th</sup> percentile for a two year total shareholder return against its peer group of companies. This resulted in 65,625 performance rights vesting to the Managing Director.

Participants are required to pay a fee of \$1 (in total) each time they exercise a portion of their vested Performance Rights.

### May 2008 Grants

On 7 May 2008, the Board issued:

- 255,000, 15,000 and 78,500 performance rights, deferred share rights and deferred shares respectively to executives; and
- 36,000, 73,500 and 644,970 performance rights, deferred share rights and deferred shares respectively to employees of the consolidated entity.

Deferred Shares and Deferred Share Rights (refer Notes 11 and 12) will, subject to the satisfaction of basic individual performance criteria, vest in 2 years in accordance with the Employee Deferred Share Plan and Employee Deferred Share Rights Plan.

Performance Rights, subject to the satisfaction of the peer group performance criteria, will vest in 3 years in accordance with the Employee Performance Rights Plan.

### Total Performance Rights Issued

The following table summarises the outstanding share grants held by the Managing Director, executives and staff as at 30 June 2008.

Holder	Opening balance (1 January 2008)	Granted as compensation	Vested during the period	Cancelled	Closing balance
<b>Performance rights</b>					
Managing Director	1,000,000	–	(165,625)	–	834,375
Executives	1,113,640	255,000	(390,000)	–	978,640
Employees	2,129,532	36,000	(828,660)	(21,930)	1,314,942
<b>Total performance rights</b>	<b>4,243,172</b>	<b>291,000</b>	<b>(1,384,285)</b>	<b>(21,930)</b>	<b>3,127,957</b>
<b>Deferred share rights/Deferred shares</b>					
Managing Director	–	–	–	–	–
Executives	–	93,500	–	–	93,500
Employees	–	718,470	–	–	718,470
<b>Total deferred share rights/deferred shares</b>		<b>811,970</b>	<b>–</b>	<b>–</b>	<b>811,970</b>

# Notes to the Financial Statements for the Half-Year Ended 30 June 2008

## 11. Summary of the Employee Deferred Share Plan

On 23 March 2008, the IRESS Market Technology Limited Employee Share Plan (the Deferred Share Plan) was established to assist in the attraction, retention and motivation of employees of the Company.

The key terms of the Plan are set out below.

### General Rules

- a) The Deferred Share Plan is open to full-time and part-time employees of the IRESS Group. The Managing Director is eligible to participate in the plan whereas non-executive Directors are not eligible to participate.
- b) The Board determines the quantum of Deferred Shares provided under the Deferred Share Plan for any particular offer made under the plan. Participants do not need to make any payment to be provided these shares.
- c) There are limits on the number of shares that can be issued under the plan. Broadly, where shares are issued under plan and not purchased on market, the total number of Deferred Shares offered at any particular time, together with other securities issued under the Company's various employees equity schemes over the previous 5 years (subject to certain exclusions), must not exceed 5% of the total number of issued ordinary shares in the Company at the time of the offer.
- d) The Deferred Share Plan is administered by the Board. The Board may make further rules for the operation of the Deferred Share Plan which are consistent with the plan.
- e) The Board may determine any further or different terms of an invitation to participate in the Deferred Share Plan ('Offer') to those set out in the plan and different terms may apply to different employees.
- f) Once allocated, Deferred Shares are held on trust for participating employees for a prescribed period ('the Restriction Period') in accordance with the Deferred Share Plan and the IRESS Market Technology Limited Equity Plans Trust Deed.
- g) The Restriction Period commences on the date the shares are allocated and ends at the earlier of:
  - i) The date specified in the Offer (currently two years after the date of grant);
  - ii) The date the participant is no longer an employee of the IRESS group (unless the Board determines otherwise);
  - iii) The date that the Company notifies the participant that a specified "event" has occurred (such as a takeover offer is made in respect of the Company, a scheme of arrangement is proposed or the Company is wound up), and
  - iv) The date IRESS approves a Withdrawal Notice (participants will be able to submit a Withdrawal Notice after a prescribed time requesting the shares be released from the trust).
- h) During the Restriction Period, a participant cannot sell or otherwise deal in the Deferred Shares.
- i) While Deferred Shares are held on trust on behalf of a participant, the participant is entitled to dividends and voting rights attaching to the shares and may enjoy other rights accruing to the shares in common with other shareholders (eg rights to participate in bonus and rights issues).
- j) A participant may forfeit their Deferred Shares in certain circumstances. For example, a participant will forfeit any interest in the shares if, during the vesting period specified in the Offer:
  - i) the Board forms the view that the participant has failed to satisfy their basic individual performance criteria; or
  - ii) he or she ceases their employment with the Company, including where the participant's employment arrangement is terminated in certain circumstances (eg for cause in the event of dishonesty).

# Notes to the Financial Statements for the Half-Year Ended 30 June 2008

## 12. Summary of the Employee Deferred Share Rights Plan

On 23 March 2008, the IRESS Market Technology Limited Employee Share Plan (the Deferred Share Rights Plan) was established to assist in the attraction, retention and motivation of employees of the Company. This plan differs marginally to the Deferred Share Plan, and it is structured to achieve substantially the same objectives. The differences between these two plans reflect differing tax treatment in some of the countries in which IRESS employees are based.

The key terms of the Deferred Share Rights Plan are set out below.

### General Rules

- a) The Deferred Share Right Rights Plan is open to full-time and part-time employees of the IRESS Group (and consultants under certain circumstances approved by the Board). Directors are not eligible to participate in the plan.
- b) The Board determines the quantum of Deferred Share Rights provided under the Deferred Share Rights Plan for any particular offer made under the plan. Participants do not need to make any payment to be provided these rights. A Deferred Share Right is a conditional right to acquire an ordinary share in the Company and a participant must pay a nominal exercise price to exercise any of the rights (refer to l) below).
- c) There are limits on the number of rights that can be provided under the plan. Broadly, the total number of Deferred Share Rights offered at any particular time, together with other securities issued under the Company's various employee equity share schemes over the previous 5 years (subject to certain exclusions), must not exceed 5% of the total number of issued shares in the Company at the time of the offer.
- d) The Deferred Share Rights Plan is administered by the Board. The Board may make further rules for the operation of the Deferred Share Rights Plan which are consistent with the plan.
- e) The Board may determine any further or different terms of an invitation to participate in the Deferred Share Rights Plan ('Offer') to those set out in the plan and different terms may apply to different employees.
- f) Participants will not be able to exercise a Deferred Share Right for a prescribed period which is referred to as a Restriction Period. Where a Restriction Period is included in the Offer, the Restriction Period will commence on the date the Deferred Share Rights are granted and will end at the earlier of:
  - i) The date specified in the by the Board (currently two years after the date of grant);
  - ii) The date the participant is no longer an employee of the IRESS group (unless the Board determines otherwise);
  - iii) The date that the Company notifies the participant that a specified "event" has occurred (such as a takeover offer is made in respect of the Company, a scheme of arrangement is proposed or the Company is wound up), and
  - iv) The date IRESS approves a Withdrawal Notice.
- g) In addition, during the Restriction Period, a participant cannot sell or otherwise deal in the Deferred Share Rights. Deferred Share Rights are not transferable at any time although shares provided on exercise of a right are transferable, subject to the terms of the Deferred Share Rights Plan.
- h) A participant may forfeit their Deferred Share Rights in certain circumstances. For example, a participant will forfeit any interest in the Deferred Share Rights if during the vesting period specified in the Offer:
  - i) the Board forms the view that the participant has failed to satisfy their basic individual performance criteria; or
  - ii) he or she ceases their employment/engagement with the Company, including where the participant's employment/engagement is terminated in certain circumstances (e.g. for cause in the event of dishonesty). Refer to i) below for further details on cessation of employment/engagement.
- i) 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, Deferred Share 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 rights to the employee and the date of cessation. Finally, where in the Board's view there are special circumstances under which it would be unfair not to allocate shares on exercise of a Deferred Share Right or the cash equivalent to a departing employee, the Board has the capacity to make such an allocation Company of shares or cash.

# Notes to the Financial Statements for the Half-Year Ended 30 June 2008

- j) The quantum of shares provided to an employee on exercise of a Deferred Share Right is modified in accordance with standard industry adjustments to reflect:
  - i) a bonus issue; or
  - ii) a reconstruction of the Company's issued capital.
- k) Deferred Share Rights will not be quoted on the ASX, however upon issuance of shares in accordance with the Deferred Share Rights Plan rules, the Company will immediately apply for quotation of those shares on the ASX.
- l) Participants need to pay an exercise price of \$1 to exercise their Deferred Share Rights for all rights exercised on a particular day, irrespective of the number of Deferred Share Rights exercised on that day.

## 13. Additional Information

### Reconciliation of Cash

For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents comprise the following at 30 June.

	2008 \$'000	2007 \$'000
Cash at bank and in hand	25,774	19,785
Short-term deposits	–	3,818
<b>Total cash and cash equivalents</b>	<b>25,774</b>	<b>23,603</b>

## 14. Subsequent events

### Dealer Management Systems

Effective from 1 August 2008, Xplan Technology Pty Ltd acquired 100% of Dealer Management Systems Pty Ltd ('DMS') DMS comprises the remuneration management business and the FundClick technology for application form processing.

DMS was acquired for a total of \$6.902m (comprising 1,083,334 ordinary shares in IRESS at a market value of \$6.14 and \$0.100m payable in two years (subject to certain events) and transaction costs estimated at \$0.150m).

As at the date of this report, the values of the individual DMS assets and liabilities acquired have not been finalised. DMS net assets (excluding intangible assets) are estimated to be \$0.130m.