



**ANNUAL
REPORT
2010**

iress

Contents

Highlights	1
Financial Summary	1
Chairman & Managing Director's Report	2
Directors' Report	7
Auditor's Independence Declaration	28
Corporate Governance Statement.....	29
Independent Auditor's Report.....	39
Directors' Declaration	41
Statement of Comprehensive Income.....	42
Statement of Financial Position.....	43
Statement of Changes in Equity	44
Statement of Cash Flows	45
Notes to the Financial Statements.....	46
Shareholder Information.....	96

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, 5 May 2010 at 11.30 a.m.

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

Directors

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

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 2010 was \$58.4 million, an increase of 8.9% on the previous year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) on an adjusted basis was \$86.1 million, an increase of 4.2% on the previous year, and basic earnings per share on an adjusted basis increased 7.1% to 46.675 cents per share. Reported profit after tax, which includes the impact of non-recurring/non-operating items, was \$50.5 million, compared with \$42.8 million last year.

Consistent with prior periods, the significant non-operating charges in 2010 related to the depreciation and amortisation of software arising on the acquisition of businesses. Collectively these charges had a pre-tax impact of \$9.560 million (2009: \$13.916 million). In addition the above adjusted results are prior to inclusion of share based payment expenses which are excluded to provide inter-period comparability of the underlying business operations.

Directors have declared a final dividend of 24.0 cents per share 66% franked at a 30% tax rate together with a once-off 3.5 cents per share unfranked special dividend.

The final dividend (excluding the special dividend) combined with the first half interim dividend of 14.0 cents gives a total of 38.0 cents partially franked on each share, up from 34.0 cents fully franked in 2009. In declaring the special dividend, directors have sought to broadly supplement the financial impact of the lessened franking of the 2010 final dividend. A total normalised dividend of 38.0 cents per share represents a payout ratio of around 80% of full year adjusted earnings.

Financial Summary

12 months to 31 December 2010

	Consolidated 2010	Consolidated 2009
Total revenues (\$m)	183.028	171.392
Profit before income tax expense (\$m)	67.827	55.861
Profit attributable to the members of the parent entity (\$m)	50.479	42.807
Adjusted basic earnings per share (cents)	46.675	43.578
Dividend per share (cents)	38.0*	34.0

*calculated prior to inclusion of the 3.5 cent unfranked special dividend

Chairman and Managing Director's Report

Financial Markets (Australia and New Zealand)

The emerging revenue growth observed late in the last quarter of 2009 continued into the first half of 2010 as the Financial Markets division experienced increased demand across the product range. This emerging revenue growth (assisted by a modest price increase) continued into the early second half, but in reflecting general market conditions, it flattened later in the period.

The division achieved revenue growth of 5.5% over the full year (up 2.7% and 5.6% on the prior half year's results for the period to June 2010 and December 2010 respectively). Positive revenue momentum combined with post crisis cost re-establishment in the second half produced EBITDA growth of 4.0% for the full year (up 0.6% and 5.8% respectively on the prior half's results).

Some of the key highlights are:

- IOS+
 - implementations remain the focus for institutional trading with a number underway and heightened demand.
 - retail platform with webIRESS supporting international execution is in production.
 - IOS+ support for options underway.
 - Execution Management System (EMS) available for global securities trading in addition to local IOS links.
- Development, testing and certification for ASX Trade (Genium) completed.
- Operator Trading Workstation (OTW) and Best Market Router (BMR) in production for automated smart routing to the ASX Centrepoint market.
- Trading development completed and released for ASX's VolumeMatch market.
- Continued success with IRESS Portfolio System (IPS) providing leading portfolio management, modelling and reporting functions for the full spectrum of client types.
- Low-latency trading eco-system launched based on co-located facilities connected by ultra low-latency IRESS Optical Network (ION).
- IRESS Market Feed, a low-latency normalised consolidated market data feed, is to be launched in the first quarter of 2011, and will deliver full depth of book, quotes and trades across available trading destinations.

Business Outlook

Trading in the early months of 2011 has maintained a flatter profile even with unprecedented project activity with major clients to deliver our market leading solutions. Despite delays for commencement of alternative trading venues in Australia, clients are anticipating this micro-structure change and are drawing on IRESS' multi-market product capability – from trading workstations and Order Management System (OMS), to low-latency consolidated market data and best market routing.

With the flatter momentum from the second half of 2010, the annualised impact of post-crisis cost re-establishment and anticipating current industry conditions to continue in the near term, we expect a similar level of EBITDA for the coming year. With our continued focus on product delivery and service, combined with the strategic and prospective value of projects underway, we are confident in the medium term.

Financial Markets (Canada)

Our Canadian financial markets operations produced a solid yet moderated result when compared to prior years, with revenue up 12.8% (CAD). There was a strong contrast between results in the first and second halves, with revenues up in the first half on the prior half by 10.3% (CAD), however the second half was up 0.1% (CAD). Despite many positive client initiatives in early 2010, the division experienced higher than expected cancellations late in the first half as the difficult conditions and continuing restructuring for our clients in North America has translated into cost-cutting, consolidation, and increased competition amongst vendors. These conditions set the tone of trading conditions for the second half.

Reflecting the strong revenue momentum from 2009 and into 2010, EBITDA for 2010 increased by 18.9% (CAD), however with challenging conditions, EBITDA in the second half declined 0.5% against the prior half.

Chairman and Managing Director's Report

Some of the key highlights are:

- Institutional order management system (OMS) project finalised into rollout phase at a large Canadian bank-owned dealer. Further rollout of OMS remains the highest priority in 2011, with the rollout broadened to include small and mid-sized trading firms.
- Execution Management System (EMS) available and responding to trading and market data demand in this important segment.
- IRESS Best Market Router (BMR) continues to play lead role in Canadian multi-market environment addressing both best execution compliance and importantly competitive flexibility for sell side clients.
- Deployment of IOS+ / BMR alongside the Canadian back office provider Dataphile extends our retail reach into many other firms.
- Significant enhancements to consolidated market data with liquidity fragmentation, and other views in IRESS, now in general release. Positive opportunities for market data desktop in retail segment now follow this.
- Projects pursuing opportunities to extend reach into retail branch networks are progressing well with the first of a number of client opportunities nearing delivery and rollout stages.
- Early discussions are under way with potential webIRESS clients and we are confident these will initiate this strategically important market segment.

Business Outlook

We remain positive on both near and medium-long term growth opportunities in Canada, however continue to be cautioned by the broader market conditions in North America and their impact on our business. Through the combined impact of additional revenue from new projects and the annualised effect of events in the second half of 2010, we will be targeting positive EBITDA growth for the twelve months to December 2011.

Financial Markets (South Africa)

In January 2011 we announced the group's expansion to include a new division in South Africa. The opportunity uses Peresys, the leading local provider of financial market services, as a base on which to establish future growth by combining Peresys' strength in local financial markets with IRESS' products and scale to create additional opportunities.

Immediate opportunities identified are:

- Deployment of webIRESS & htmlIRESS.
- Introduction of our integrated portfolio solutions (IPS).
- Provision of execution management systems (EMS) with integrated professional quality domestic and international market data and trading offering.

Financial Markets (Asia)

Investment in the expansion of our Asian financial markets business has continued to progress well by our own measure, and is being received positively locally. Following development of core product capability, our initial milestone has been to secure a seed broking client in the region, which has been achieved.

Some of the key highlights are:

- Market data progressing well with local users, expansion of coverage will add to fixed cost base over time.
- Singapore Financial Markets office established with first staff member re-located from Australia.
- Product localisation now complete for initial requirements.
- Large seed client project progressing with potential to expand services in future phases.

Chairman and Managing Director's Report

- Expansion at other Singapore based clients with emerging revenue in second half. Leads in broader region also showing promise.
- Primary Singapore data centre now production grade, with second data centre underway.

Business Outlook:

Our cost base for the Asian financial markets initiative continues to gradually build in careful anticipation of sales, delivery and operational requirements. At this stage our self-constrained net loss remains limited to \$2.0m per annum, which will be reviewed and balanced against confidence in prospective opportunities. Growth opportunities in the region may also include acquisitions.

Wealth Management (Australia & New Zealand)

Wealth Management in Australia and New Zealand has performed well through a period of significant change for the industry and our clients. The increased demand for our technology solutions has been driven by clients repositioning themselves for growth, and for a future that demands efficiency and scale, segmented services to clients and additional compliance. Our integrated advice platform is increasingly used as an enabler by dealer groups to assist with business redefinition, content and service delivery to their distributed adviser networks.

The division achieved revenue growth of 6.0% over the full year (up 3.6% and 5.5% on the prior half year's results for the period to June 2010 and December 2010 respectively). Positive revenue momentum combined with post crisis cost re-establishment in the second half produced EBITDA growth of 10.1% for the full year (up 5.8% and 6.5% respectively on the prior half's results). The higher percentage growth in EBITDA was mainly as a result of savings in non-wage costs during 2010.

Some of the key highlights are:

- IRESS appointed as the strategic software provider for Count Financial. The pilot now completed and rollout commencing first quarter of 2011.
- Remaining VisiPlan clients actively engaged on upgrade to XPLAN.
- Ongoing demand for integrated technology solutions as basis for efficient advice delivery and business process support.
- Integration to third-party service providers including payment gateway systems, electronic postal service, accounting software.
- Extended panel of insurers integrated to XPLAN real-time premium validation.
- Clients reporting significant reduction in administration costs as a result of centralised efficiencies through IRESSnet.
- XPLAN provides flexibility and configurability across range of functionality sought by groups requiring multiple concurrent advice offerings.
- Increased demand and attention to web/mobile/tablet interactions for distributed advice networks and client interaction.
- XPLAN 2.0 to be launched early in the second quarter of 2011, delivering leading design and user-experience redevelopment.
- Industry surveys continue to rate XPLAN as the most widely used financial planning software tool, offering the most functionality and the greatest breadth.

Business Outlook:

Current trading conditions in 2011 started flatter than the previous year, and combined with the annualised impact of post-crisis cost base re-establishment in 2010, and known revenue opportunities, EBITDA in 2011 is expected to grow modestly but at a lower rate than in 2010. Despite heightened project activity, we remain mindful of the significant level of industry change.

Chairman and Managing Director's Report

Wealth Management (South Africa)

South Africa has performed solidly over the year with focus on XPLAN rollouts and responding to client requirements and opportunities. Revenue growth over the year has been 6.9% (ZAR) and EBITDA has increased by 13.8% (ZAR).

Some of the key highlights are:

- Ongoing active engagement with clients regarding XPLAN opportunities, particularly where the new offline version of XPLAN (XLITE) is able to unlock some client segments.
- A number of key clients looking at migration to XPLAN.
- Existing implementations include two of the largest banking networks, where broader use of XPLAN modules is also sought.
- IRESSnet, platform and fund manager data feeds are seen as a key differentiator in delivering practice efficiencies. It is also a key driver for the portfolio management sector and realising the IPS opportunity.
- A project for an automated compliance framework to systematise advice approval and audit, is nearing finalisation and which has the opportunity to provide meaningful efficiencies for large distribution groups.

Business Outlook:

We remain positive about the medium term growth of wealth management in South Africa, which is reinforced by the recent decision by Sanlam (second largest life insurer in South Africa) to migrate from Spotlight to XPLAN from 2012. In the short-term, revenue from additional opportunities will be insufficient to offset known client roll-offs which while small in a group sense, are material for this division. While difficult to predict, local currency revenues for the division in 2011 are currently anticipated to revert to around 2009 levels ahead of new rollouts.

Wealth Management (Asia)

Subsequent to the establishment of a base from which to grow in January 2010, our Asian wealth management business has continued to progress well by our own measure. The focus has been on technology consolidation and localisation based on prospective opportunities. Following prioritised localisation of XPLAN, our goal has been to secure a seed XPLAN client in the region in addition to establishing migration paths to XPLAN for existing clients. We are now at this stage, with several projects underway in Singapore and Hong Kong and Taiwan.

Some of the key highlights are:

- Multilanguage support now in XPLAN.
- Product localisation sufficient for immediate seed client opportunities, with seed XPLAN client in Hong Kong now in pilot phase.
- Additional XPLAN and XLITE projects expected regionally in 2011, both for client migrations and new clients.
- Open architecture and willingness to integrate to any fund platform are key differentiators.
- Appointment of former Wealth Management Australia executive and XPLAN co-founder to executive role in Asia, to fast-track management and business development experience with XPLAN locally in Asia.
- Development of XLITE, an XPLAN-integrated offline portfolio design and sales tool, now complete for first phase of Asian client requirements.

Business Outlook:

Our cost base for wealth management tracks at its annualised limit of a \$1.0m per annum net loss. We will continue to carefully balance this against confidence in prospective opportunities and delivery requirements.

Chairman and Managing Director's Report

Outlook

Our strategy continues to focus on local tailoring to all segments of our client base and adding value, avoiding where possible commodity product status. We strive to be responsive to client needs as their businesses evolve, at all times understanding it is essential that our product suite represents excellent value to our customers. This requires an intimate understanding of the changes occurring at both the technology and regulatory layers, which we can only achieve through an active and responsive dialogue with our clients.

In pursuing this strategy the Company will continue to explore growth initiatives through both acquisitions and organic opportunities. Our strategy continues to be targeted and focussed to principles that have applied for some time now, albeit with much of the focus on offshore opportunities.

While early signs for 2011 are mixed, the timing of a full recovery in our mature businesses to pre-crisis growth levels remains difficult to predict. The differing level of maturity across our various divisions provides a useful mix of mature to early stage emerging activities.

Competitors continue to remain active amongst our client base, often at the relatively basic end of our product range and we remain as always, vigilant. The trend of clients increasingly focusing on the cost to manage software and technology solutions is persisting, and we see opportunities for the company to continue to enhance our position strategically; through our scale, the level of integration of our offering, the stability of our operations and our high level of responsiveness.

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.

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

There was an increase in remuneration levels during the year, and some modest growth in headcount as the company emerged from the crisis. Looking forwards, we continue to consider the long term retention and stability of our workforce represents a vital component in generating long term returns to shareholders, and to this end we need to remain ever aware of local employment market conditions in all areas where we operate.

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



Mr A Walsh
Managing Director



Mr P Dunai
Chairman

Directors' Report

The Directors of IRESS Market Technology Limited submit herewith the annual financial report for the financial year ended 31 December 2010. 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 P Dunai	Chairman since 5 May 2010, Chairman of Nomination and Remuneration Committee. Prior to that served as Managing Director since inception until retiring from that role on 15 October 2009. A founding shareholder in the Company, joined the Board in 1993. Mr Dunai succeeded Mr Hamilton as Chairman.
Mr N Hamilton	Chairman for part of the year until retiring on 5 May 2010. Joined the Board in 2000 and was Chairman of the Company from 1 August 2001 until his retirement.
Mr A Walsh	Managing Director. Founded XPLAN Technology Pty Ltd which was acquired in 2003 by the Company, and from 2003 managed the transition of XPLAN from an independent start-up organisation to a fully integrated material division of the Group.
Mr J Killen (OAM)	Non-executive director, Chairman of the Audit Committee, joined the Board in 2000 and is Chairman of Equity Trustees Limited, Sisters of Charity Community Care Ltd, CCI Investment Management Ltd and a director of Catholic Church Insurances Ltd, and Templeton Global Growth Fund Ltd.
Mr B Burdett	Non-executive director, member of the Audit Committee, 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, Lead Independent Director since May 2010 and a member of the Audit Committee, joined the Board in August 2008 and is a special advisor to Gresham Partners Limited, a non-executive director of Iluka Resources Limited, Bank of Western Australia Ltd, Australia Postal Corporation 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.
Mr J Cameron	Non-executive director, member of the Audit Committee, joined the Board on 15 March 2010 and a director of FIX Protocol Limited.

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

- Mr J Cameron who joined the board on 15 March 2010; and
- Mr N Hamilton who retired from the board on 5 May 2010.

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, joined the Company in 2001 and has held his current position since then. He is a nominee director for all wholly owned subsidiaries.

Directors' Report

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. In addition, the consolidated entity has recently established operations in Asia.

Review of Operations

IRESS' recurring subscription model continues to drive results and outlook. It is however not without its challenges.

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

- Australia & New Zealand Financial Markets - Revenue \$104.5m. (2009: \$99.1m) up 5.5%; segment profits \$58.9m (2009: \$56.6m) up 4.0%. The emerging revenue growth observed in the latter part of 2009 continued across the product range in the first half of the year and early into the second half, but wasn't sustained throughout the remaining period. With a gradual restoration of costs (post crisis) and some modest cost re-establishment during the later part of the year, there was a modest decline in margins from 57.1% to 56.3%.
- Canadian Financial Markets – Revenue \$23.5m. (2009: \$22.1m) up 6.3% (12.8% in CAD); segment profits \$7.8m (2009: \$7.0m) up 11.7% (18.9% in CAD). The segment produced strong revenue growth in the first half, with revenue up 10.3% (CAD) on the prior half, however cancellations late in the first half and difficult trading conditions in the second half moderated results. Segment profits also reflect some necessary cost re-establishment during the year.
- Asian Financial Markets – Revenue \$0.6m. (2009: \$0.2m); segment loss \$(0.6)m (2009: \$(0.2)m). This early phase opportunity continued to progress well as the business engaged with prospective clients, with the cost base gradually increasing during the year.
- Australia & New Zealand Wealth Management – Revenue \$43.8m. (2009: \$41.3m) up 6.0%; segment profits \$18.6m (2009: \$16.9m) up 10.0%. The business has performed well as it re-emerges from a cautious 2009 and entered a period of significant change for the industry and our clients. This has seen increased demand for our technology solutions driven by clients positioning themselves for growth, and for a future that demands efficiency and scale, segmented services to clients and additional compliance. Segment profits incorporate a gradual restoration of costs (post crisis), together with some necessary cost re-establishment during the later part of the year.
- South African Wealth Management – Revenue \$7.1m. (2009: \$6.8m) up 4.2% (7.0% in ZAR); segment profits \$2.5m (2009: \$2.2m) up 10.6% (13.8% in ZAR). The South African business has performed well over the period with a focus on XPLAN rollouts and responding to client requirements and opportunities. With modest cost increases, margins increased from 32.9% to 35.0%.
- Asian Wealth Management – Revenue \$0.3m and segment loss \$(1.1)m. With the establishment of this segment at the beginning of 2010, focus has been on localisation of Xplan and engaging with prospective clients. The cost base was restructured mid way through the year to more efficiently target the opportunity with no material increase in the run rate, and is considered now more in line with the business' requirements.

The reported net profit after tax was \$50.5m, an 18.0% increase on reported profits for the same period last year. Impacting on comparability of results for 2010 and 2009 are:

- in 2009 there was a short period of respite from some third party data feed costs as arrangements were re-organised;
- following negligible salary increases in 2009, during 2010 there were catch-up salary increases, albeit not with a full year impact reflected in results;
- in 2010 short term incentives increased as a percentage of base wages to levels closer to those paid in 2008 which, together with headcount increases, resulted in an increase of \$1.270m (22.3%). This increase needs to be considered recognising that in 2009 there was a \$0.819m (12.6%) reduction in the short term incentives paid to staff;
- a \$0.751m reduction in the provision for bad and doubtful debts in 2010;
- despite a 19.4% increase in the value of grants issued in 2010, share based payments expense decreased in 2010 by 9.2% (this is due to share based expenses being a function of prior period grants, the value of the instrument issued and its duration). It is anticipated the share based payments expense will revert to more historical levels in 2011;

Directors' Report

- depreciation and amortisation declined by \$5.951m (28.3%) primarily due to certain assets recognised on the acquisition of the company (typically computer software and referred to in management presentations as Strategic Charges) becoming fully written down, together with assets such as major leasehold improvements and related furniture (associated with the Sydney and Melbourne office relocations in 2007) becoming fully written down during the year;
- interest income increased by \$1.808m primarily from increased average cash holdings during the year;
- the effective income tax rate increased from 23.4% to 25.6% primarily due to the recognition in 2009 of tax losses associated with our Canadian operations. Income tax expense in 2010 continued to reflect the overlap of tax deductions arising from the transition of share grants from performance rights to deferred shares. It is anticipated the impact of this transition is substantially complete by 31 December 2010, with lesser effects on tax expense anticipated in the future; and
- the collective impact of these changes was an increase in basic EPS from 34.784 cents per share to 40.335 cents per share, an increase of 16.0%.

Changes in State of Affairs

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

Subsequent Events

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

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

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

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

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 2009, as detailed in the Directors' Report for that financial year, a final dividend of 21.0 cents per share franked to 100% at 30% corporate tax rate was paid to the holders of fully paid ordinary shares on 31 March 2010.

In respect of the financial year ended 31 December 2010, an interim dividend of 14.0 cents per share franked to 100% at 30% corporate tax rate was paid to the holders of fully paid ordinary shares on 30 September 2010.

Directors' Report

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

In addition, directors recommend a once off special unfranked dividend of 3.5 cents per share to be paid to the holders of fully paid ordinary shares on 31 March 2011. The record date to participate in the final dividend is 15 March 2011.

In declaring the special dividend, directors have sought to broadly supplement the financial impact of the less than 100% franked 2010 final dividend.

Directors' Meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 6 Board meetings, 2 Audit Committee meetings and 2 Nomination and Remuneration Committee meetings were held.

Directors	Board of directors		Audit committee		Nomination and remuneration committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Mr P Dunai	6	6	–	–	2	2
Mr A Walsh	6	6	–	–	2	2
Mr N Hamilton	3	3	–	–	–	–
Mr J Killen	6	6	2	2	–	–
Mr B Burdett	6	6	2	2	–	–
Ms J Seabrook	6	6	2	2	2	2
Mr J Cameron	5	5	1	1	–	–

Indemnification of Officers and Auditors

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

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

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

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.

Directors' Report

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 26 to the financial statements.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 28 of the full year financial statements.

Rounding Off Amounts

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

Audited Remuneration Report

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

Directors and Key Management Personnel 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; retired on 5 May 2010);
 - Mr P Dunai (Director, Chairman from 5 May 2010, Chairman of Nomination and Remuneration Committee);
 - Mr A Walsh (Managing Director, appointed 15 October 2009)
 - Mr J Killen (Chairman of the Audit Committee, Non-executive Director);
 - Mr B Burdett (Non-executive Director);
 - Ms J Seabrook (Non-executive Director, Lead Independent Director from 5 May 2010); and
 - Mr J Cameron (Non-executive Director, appointed 15 March 2010);

- and other key management personnel being:
 - Mr S Bland (Chief Financial Officer);
 - Mr J Davies (President & Chief Executive Officer, Financial Markets Canada);
 - Ms K Gross (General Manager, Products, Sales & Marketing);
 - Mr A Rudy (General Manager, Operations);
 - Mr J Rudy (General Manager, Financial Markets Asia);
 - Mr D Walker (Chief Technical Officer); and
 - Ms T Vigilante (General Manager, Wealth Management Australia).

(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	Share rights vested during the year
Mr P Dunai	(a)	–	559,375
	(b)	–	100,000
Mr A Walsh	(c)	125,000	51,950
	(b)	29,000	19,000

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

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

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

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

Executives	Performance rights granted during the year (a)	Deferred shares / deferred share rights granted during the year (b)	Share rights vested during the year (c)
Mr S Bland	31,690	10,190	61,390
Mr J Davies (d)	15,580	11,080	40,000
Ms K Gross	28,170	10,390	48,110
Mr A Rudy	19,370	6,590	43,400
Mr J Rudy	23,770	7,190	42,900
Mr D Walker	31,690	10,790	60,390
Ms T Vigilante	17,610	7,190	27,280

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

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

(c) Comprises performance rights and deferred shares.

(d) Vested share rights may be unexercised.

The number of share rights which subsequently vest is dependent on a number of variables including the performance of the company. In accordance with the applicable share plan rules and where they were eligible to vest, all performance rights eligible for vesting in May 2010, issued in May 2005, May 2006 and May 2007 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

Share Rights Exercised by Directors and Executives

During the financial year, the following vested share rights were exercised by the nominated person(s) and converted into ordinary shares in IRESS Market Technology Limited. With the exception of Mr Davies, no vested shares for directors or executives remain unexercised at 31 December 2010.

	Performance rights exercised during the year (a)	Deferred shares / deferred share rights exercised during the year (b)	Aggregate amount paid \$
Directors			
Mr P Dunai	559,375	100,000	2
Mr A Walsh	51,950	19,000	1
Executives			
Mr S Bland	46,390	15,000	1
Mr J Davies	–	–	–
Ms K Gross	37,110	11,000	1
Mr A Rudy	33,400	10,000	1
Mr J Rudy	33,400	9,500	1
Mr D Walker	46,390	14,000	1
Ms T Vigilante	9,280	18,000	1

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

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

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

Director and Executive Shareholdings

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

Directors	Fully paid ordinary shares (a)	Unvested performance rights	Unvested deferred shares
Mr P Dunai	690,000	200,000	–
Mr A Walsh	70,950	281,000	54,000
Mr J Killen	77,500	–	–
Mr B Burdett	100,000	–	–
Ms J Seabrook	20,000	–	–
Mr J Cameron	–	–	–

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

Executives	Fully paid ordinary shares (a) (b)	Unvested performance rights	Unvested deferred shares	Unvested deferred share rights
Mr S Bland	220,390	123,690	23,190	–
Mr J Davies	–	55,850	–	24,080
Ms K Gross	183,110	99,170	21,890	–
Mr A Rudy	–	74,370	14,590	–
Mr J Rudy	–	79,770	16,190	–
Mr D Walker	417,260	115,690	22,790	–
Ms T Vigilante	27,280	17,610	20,190	–

(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.

(b) Mr Davies holds 40,000 vested but unexercised share rights.

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

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

Policy and Structure

Non-executive directors' remuneration

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

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

Directors' Report

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

Role	Current fee \$ (a)
Chairman	163,500
Chairman of Audit Committee	85,429
Lead Independent Director	85,429
Non-executive directors	73,984

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

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

The Company initiated a non-executive director equity plan in April 2008, but it has remained dormant up to 31 December 2010.

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

Executive remuneration

Philosophy

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

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

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

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

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

Fixed annual remuneration

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

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

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

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

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 2010.

	Maximum that could be earned	% Achieved	% Not achieved
	% of Base	% of Base (b)	% of Base
Mr A Walsh	50	45	5
Mr S Bland	50	39	11
Mr J Davies	–	34	–
Ms K Gross (a)	–	44	–
Mr A Rudy (a)	–	36	–
Mr J Rudy (a)	–	37	–
Mr D Walker (a)	–	39	–
Ms T Vigilante (a)	–	31	–

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

(b) Based on annualised monthly salary as at 31 December 2010.

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

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 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. There were no new grants of share rights to Mr Dunai in 2010.

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 share 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	N / A	–
Vested	100,000	65,625	100,000	–
2nd performance ranking date				
Date	7 May 2009	7 May 2009	–	–
Percentile ranking	Top quartile	Top quartile	–	–
Vested	100,000	175,000	–	–
3rd performance ranking date				
Date	7 May 2010	7 May 2010	–	–
Percentile ranking	Top quartile	Top quartile	–	–
Vested	300,000	259,375	–	–
Total vested and exercised	500,000	500,000	100,000	–
Total valid outstanding (b)	–	–	–	200,000
Percentage vested	100%	100%	100%	–

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

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

Directors' Report

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

Grant date	7 May 2007	7 May 2008	7 May 2008	7 May 2009	7 May 2009	7 May 2010	7 May 2010
Number of share rights granted	51,950	56,000	19,000	100,000	25,000	125,000	29,000
Applicable plan rules	Employee Performance Rights Plan	Employee Performance Rights Plan	Deferred Share Plan	Employee Performance Rights Plan	Deferred Share Plan	Employee Performance Rights Plan	Deferred Share Plan
Total share rights cancelled	–	–	–	–	–	–	–
Fair value estimate at grant date (a)	\$5.39	\$3.85	\$6.26	\$3.90	\$6.52	\$5.68	\$8.34
Performance ranking date							
Date	7 May 2010	7 May 2011	7 May 2010	7 May 2012	9 May 2011	7 May 2013	7 May 2012
Percentile ranking	Top quartile	–	N / A	–	–	–	–
Vested	51,950	–	19,000	–	–	–	–
Total vested and exercised	51,950	–	19,000	–	–	–	–
Total valid outstanding (b)	–	56,000	–	100,000	25,000	125,000	29,000
Percentage vested	100%	–	100%	–	–	–	–

(a) Refer Note (a) on page 18.

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

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	7 May 2007	7 May 2008	7 May 2009	7 May 2010
Performance rights granted	908,272	235,000	199,000	252,650
Number of participants at grant date	136	7	6	13
Number of current participants	117	7	6	13
Total performance rights cancelled	68,108	–	–	–
Fair value estimate at grant date (a)	\$5.39	\$3.85	\$3.90	\$5.68
Performance ranking date	7 May 2010	7 May 2011	7 May 2012	7 May 2013
Ranking	Top quartile	–	–	–
Vested (b)	837,852	–	–	–
Total vested and exercised	799,164	–	–	–
Total vested and not exercised	41,000	–	–	–
Total valid outstanding (c)	–	235,000	199,000	252,650
Percentage vested	100%	–	–	–

(a) Refer to note (a) on page 18.

(b) 2,312 May 2007 performance rights vested in 2009 following exercise of director discretion.

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

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

Right granted	Deferred shares			Deferred share rights		
	7 May 2008	7 May 2009	7 May 2010	7 May 2008	7 May 2009	7 May 2010
Grant date	7 May 2008	7 May 2009	7 May 2010	7 May 2008	7 May 2009	7 May 2010
Number granted	704,470	553,720	540,230	88,500	94,320	71,280
Number of participants at grant date	169	168	220	15	18	17
Current number of participants	–	157	213	–	17	17
Total share rights cancelled	15,716	18,952	7,660	4,000	1,000	–
Fair value at grant date	\$6.26	\$6.52	\$8.34	\$5.76	\$6.00	\$7.67
Performance ranking date	7 May 2010	9 May 2011	7 May 2012	7 May 2010	9 May 2011	7 May 2012
Vested (a)	688,430	–	–	84,500	–	–
Total vested and exercised	688,754	–	–	40,000	–	–
Total vested and not exercised	–	–	–	44,500	–	–
Total valid outstanding	–	534,768	532,570	–	93,320	71,280
Percentage vested	100%	–	–	100%	–	–

(a) 324 May 2008 deferred shares vested in 2009 following exercise of director discretion.

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 2010, compared to the S&P/ASX 200 index. Over the five years the IRESS share price had increased by 94.4% and the S&P/ASX 200 index had increased by 0.6%. Further, during this period, IRESS has maintained its high dividend payout ratio and to date, all dividends paid have been fully franked.



An analysis of company performance over the five years to December 2010 is set out in the table below.

Measure	31 December 2006	31 December 2007	31 December 2008	31 December 2009	31 December 2010
Share price	702¢	800¢	515¢	859¢	873¢
Change in share price	252¢	98¢	(285¢)	344¢	14¢
Change in share price (%)	56.0%	13.9%	(35.6%)	66.8%	1.6%
Volume weighted average price for period	588¢	803¢	594¢	690¢	844¢
Dividend per share (a)	21.0¢	26.0¢	31.0¢	34.0¢	37.9¢

- (a) Dividend per share calculated based on total of interim and final dividend rather than dividends actually paid in the year. All dividends other than the December 2010 final dividend are fully franked. A special dividend to offset the impact of the less than fully franked 2010 final dividend has not been included in the above analysis.

Directors' Report

As set out on pages 11 to 27 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 2010.

	Short term employment benefits			Post employment (a)	Share based payments	Total \$
	Salary & fees \$	Bonus \$	Non-monetary \$	Super-annuation \$	Equity settled share rights \$ (b)	
Executive Director						
Mr A Walsh	681,250	350,000	–	25,000	569,311	1,625,561
Non-executive Directors						
Mr N Hamilton (c)	46,816	–	–	4,213	–	51,030
Mr P Dunai (d)	179,422	–	471	6,750	499,159	685,802
Mr J Killen	78,375	–	–	7,054	–	85,429
Mr B Burdett	67,875	–	–	6,109	–	73,984
Ms J Seabrook	74,767	–	–	6,729	–	81,496
Mr J Cameron (e)	54,300	–	–	4,887	–	59,187

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

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

(c) Retired 5 May 2010.

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

(e) Appointed 15 March 2010.

Directors' Report

The following table discloses the remuneration of the Directors of the Company for the year ended 31 December 2009.

	Short term employment benefits			Post employment (a)	Share based payments	Total \$
	Salary & fees \$	Bonus \$	Non-monetary \$	Super-annuation \$	Equity settled share rights \$ (b)	
Executive Director						
Mr P Dunai	615,017	188,660	1,383	36,801	1,069,889	1,911,751
Mr A Walsh	456,786	187,680	–	51,486	412,524	1,108,476
Non-executive Directors						
Mr N Hamilton	123,750	–	–	11,138	–	134,888
Mr J Killen	72,375	–	–	6,514	–	78,889
Mr B Burdett	61,875	–	–	5,569	–	67,444
Ms J Seabrook	61,875	–	–	5,569	–	67,444

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

(b) This expense is a function of both the value and duration of the instruments granted. The expense recognised in 2009 represents a combination of share grants made in 2009 and prior years.

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

	Short term employment benefits			Post employment (a)	Share based payments	Total \$
	Salary & fees \$	Bonus \$	Non-monetary \$	Super-annuation \$	Equity settled share rights \$ (b)	
Mr S Bland	326,161	133,000	1,455	25,259	273,225	759,100
Mr J Davies (c)	360,964	127,483	8,237	2,749	168,514	667,947
Ms K Gross	246,880	114,000	1,164	26,962	227,311	616,317
Mr A Rudy	220,740	83,000	1,455	26,962	170,587	502,744
Mr J Rudy	210,940	85,000	1,455	26,635	181,689	505,719
Mr D Walker	321,230	132,000	1,455	26,380	260,177	741,242
Ms T Vigilante	271,717	88,000	–	26,380	109,023	495,120

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

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

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

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 2009.

	Short term employment benefits			Post employment (a)	Share based payments	Total \$
	Salary & fees \$	Bonus \$	Non-monetary \$	Super-annuation \$	Equity settled share rights \$ (b)	
Mr S Bland	319,881	114,970	1,383	39,137	280,898	756,269
Mr J Davies (c)	423,518	138,764	8,752	3,194	181,162	755,390
Ms K Gross	211,268	98,260	1,225	27,858	225,073	563,684
Mr A Rudy	216,381	72,000	1,383	25,954	186,720	502,438
Mr J Rudy	201,881	72,710	936	24,713	187,255	487,495
Mr D Walker	298,881	113,000	1,383	37,069	267,121	717,454

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

(b) This expense is a function of both the value and duration of the instruments granted. The expense recognised in 2009 represents a combination of share grants made in 2009 and prior years.

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

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

	% of remuneration consisting of share based consideration (a)	Value of share based consideration granted during the year at grant date \$ (b)	Value of share based consideration exercised during the year \$ (c)	Value of share based consideration at lapse date, where lapsed during the year \$
Directors				
Mr P Dunai	(d)	–	5,499,188	–
Mr A Walsh	35	951,860	591,723	–
Executives				
Mr S Bland	36	264,984	511,993	–
Mr J Davies	25	188,702	–	–
Ms K Gross	37	246,658	401,237	–
Mr A Rudy	34	164,982	361,956	–
Mr J Rudy	36	194,978	357,786	–
Mr D Walker	35	269,988	503,653	–
Ms T Vigilante	22	159,989	227,515	–

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

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

Directors' Report

- (c) Figures in this column are calculated by multiplying the number of share rights exercised by directors and executives during the year by the share price prevailing on the date share rights were exercised, notwithstanding that the underlying shares may not be beneficially held by the respective director or executive as the shares may not have been withdrawn from the IRESS Employee Share Trust.
- (d) Share grants vesting in Mr Dunai primarily pertain to his prior role as Managing Director. In this light it would be inconsistent to include an assessment of grants vesting in the current year relative to his current fees as a Director.

Share Rights granted, exercised or lapsed in favour of the Managing Director and executives or a related body corporate of theirs during the financial year ended 31 December 2009 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	56	–	1,793,000	–
Mr A Walsh	37	553,000	782,400	–
Executives				
Mr S Bland	37	264,160	391,200	–
Mr J Davies	24	156,000	496,800	–
Ms K Gross	40	223,180	391,200	–
Mr A Rudy	37	149,660	293,400	–
Mr J Rudy	38	167,880	293,400	–
Mr D Walker	37	242,040	391,200	–

- (a) This figure is calculated on the value of share rights included in remuneration for the year ended 31 December 2009 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 share rights were exercised, notwithstanding that the underlying shares may not be beneficially held by the respective director or executive as the shares may not have been withdrawn from the IRESS Employee Share Trust.

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, Mr J Davies, Ms K Gross, Mr A Rudy, Mr J Rudy, Mr D Walker and Ms T Vigilante) are as follows.

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

(a) Mr Davies has a six week notice period

Directors' Report

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

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

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

On behalf of the Directors



Mr A Walsh

Managing Director

MELBOURNE, 24 February 2011

Auditor's Independence Declaration

Deloitte.

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

24 February 2011

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 2010, 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



Sneza Pelusi
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

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Member of
Deloitte Touche Tohmatsu

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		
	Companies should establish and disclose the roles and responsibilities of board and management.		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	1	Comply
1.2	Companies should disclose the process for evaluating the performance of senior executives.	1.2	Comply
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	4, 5 & Directors' Biographies & Directors' Report	Comply
Principle 2	Structure the board to add value		
	Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.		
2.1	A majority of the board should be independent directors.	4.3	Comply
2.2	The chair should be an independent director.	4.3, 4.4, 4.5, Lead Independent Director Charter	Not comply
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	4.3	Comply
2.4	The board should establish a nomination committee.	9.1, Nomination and Remuneration Committee Charter	Comply
	2.4(a) The nomination committee should be structured so that it:	11.4, 11.5, 11.6, Lead Independent Director Charter	Not comply
	<ul style="list-style-type: none"> ▪ consists of a majority of independent directors; ▪ is chaired by an independent director; and has at least three members.		
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	11.1	Comply
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	4.1, 4.2, 4.3 & Directors' Biographies & Directors' Report	Comply

Corporate Governance Statement

Principle	Description	Corporate Governance Statement Reference	Status
Principle 3	Promote ethical and responsible decision-making		
	Companies should actively promote ethical and responsible decision-making.		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: 3.1(a) the practices necessary to maintain confidence in the company's integrity; 3.1(b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; 3.1(c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	2	Comply
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	2.5, 2.6	Not comply
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	2.5, 2.6	Not comply
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	2.7	Comply
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	2, 13	Comply
Principle 4	Safeguard integrity in financial reporting		
	Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.		
4.1	The board should establish an audit committee.	10	Comply
4.2	The audit committee should be structured so that it: 4.2(a) consists only of non-executive directors; 4.2(b) consists of a majority of independent directors; 4.2(c) is chaired by an independent chair, who is not chair of the board; 4.2(d) has at least three members.	10.1, Audit Committee Charter	Comply
4.3	The audit committee should have a formal charter.	9.1	Comply
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	10 & Directors' Biographies & Directors' Report	Comply
Principle 5	Make timely and balanced disclosure		
	Companies should promote timely and balanced disclosure of all material matters concerning the company.		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	12	Comply
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	12	Comply

Corporate Governance Statement

Principle	Description	Corporate Governance Statement Reference	Status
Principle 6	Respect the rights of shareholders		
	Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	12.2, 12.3	Comply
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	12, 14	Comply
Principle 7	Recognise and manage risk		
	Companies should establish a sound system of risk oversight and management and internal control.		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	3.2	Comply
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	3.3, 3.4, 3.5	Comply
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	3.6	Comply
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	3	Comply
Principle 8	Remunerate fairly and responsibly		
	Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.		
8.1	The board should establish a remuneration committee.	9.1, 11, Nomination and Remuneration Committee Charter	Comply
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> ▪ consists of a majority of independent directors; ▪ is chaired by an independent director; and ▪ has at least three members. 	11.4, 11.5, 11.6' Lead Independent Director Charter	Not comply
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	7, Directors' Report	Comply
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	7, 9, 11 & Directors' Report	Comply

Corporate Governance Statement

Introduction

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 and other relevant information referred to in this Corporate Governance Statement are available on IRESS' website www.iress.com.au

1. Board Responsibilities

- 1.1 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 after having considered regulatory matters and other ethical expectations and obligations. The Board is accountable to shareholders for the performance of the Group.
- 1.2 The Board's responsibilities and functions include, to:
 - review and approve corporate strategies, budgets, plans and policies developed by management and evaluate performance of the Group against those strategies and business plans in order to:
 - monitor the performance of functions delegated to the executive team including the progress of major capital expenditure, capital management, acquisitions, divestitures and strategic commitments; and
 - assess the suitability of the Company's overall strategies, business plans and resource allocation;
 - appoint a Managing Director for the ongoing management of the business and its strategies;
 - regularly evaluate the performance of the Managing Director and senior management and ensure appropriate executive succession planning is conducted;
 - monitor financial and business results (including the audit process) to understand at all times the financial position of the Group;
 - ensure regulatory compliance and maintain adequate risk management processes;
 - report to shareholders; and
 - implement a culture of compliance with the highest legal and ethical standards and business practices.
- 1.3 In carrying out its duties, the Board meets regularly to discuss formally matters relevant to the Company, with additional meetings held as required to address specific issues.
- 1.4 The Board delegates management of the Company's resources to the executive team under the leadership of the Managing Director, 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 and Diversity

- 2.1 The Company is committed to upholding high legal, moral and ethical standards in all of its corporate activities and has adopted a Code of Ethics, which aims to strengthen its ethical climate and provide basic guidelines for situations in which ethical issues arise. The Code of Ethics applies to directors, executives, management and employees, and sets standards for ethical behaviour and business practice beyond complying with the law, and is based on the key principles whereby the Company:
- strives to do business with customers and suppliers of sound business character and reputation;
 - strives to maintain the highest standard of ethical behaviour in business dealings and to behave with integrity in all dealings with customers, shareholders, government, employees, suppliers and the community;
 - does not knowingly support any public or private organisation which espouses discriminatory policies or practices; and
 - expects all employees to perform their duties with honesty, truthfulness and integrity.
- 2.2 It is the policy of the Company to comply with the letter and spirit of all applicable laws, including those relating to employment, discrimination, health, safety, trade practices and securities. The Company has also developed procedures to ensure that employees are aware of and discharge their obligations under relevant privacy laws in their handling of information provided to the Group.
- 2.3 No director, officer, executive or manager of the Company has authority to violate any law or to direct another employee or any other person to violate any law on behalf of the Company.
- 2.4 The Company's ethical practices and procedures are reviewed regularly, and processes are in place to promote and communicate these policies within the Company.
- 2.5 The Board notes that the ASX Corporate Governance Council's recommendations include a recommendation that the company should adopt a formal policy in relation to diversity.
- 2.6 The board has an informal practice of monitoring diversity but no formal policy. The informal monitoring entails considering diversity under a broad definition, including gender diversity, across the Group not only at the board and executive levels, but also across the general staff base. While the board continues to observe no indicators of biases, or impediments to diversity, it does not intend to adopt a more formalised process
- 2.7 As at 31 December 2010 approximately 34% of the aggregate employment base of the company were women, and comprised 1 director (out of a total of 6), 2 executives (out of a total of 7) and 177 staff (out of total of 511).

3. Risk Management

- 3.1 All business activities contain an element of risk. IRESS' philosophy toward risk is to identify the risks in advance, determine potential risk mitigation strategies, assess the risk in terms of the risk/reward equation and then determine how to proceed. Calculated risk taking is viewed as an essential part of the IRESS' approach to creating long term shareholder value.
- 3.2 For the purposes of assisting investors to understand better the nature of the risks faced by the Company, the board has prepared a list of operational risks as part of the Principle 7 disclosures. However the board notes that this does not necessarily represent an exhaustive list and that it may be subject to change based on underlying market events.

The key areas of risk faced by IRESS 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.

Corporate Governance Statement

Appropriate policies and procedures have been developed to assist in the management of these risk areas.

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

- Financial reporting – there is a comprehensive budgeting system with an annual budget approved by the directors. Monthly actual results are reported against budget or 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 appropriately documented. Exception and corrective action reports highlight any departures from these procedures.
- Functional specialty reporting – at various times (for example pre and/or post an acquisition), the Board may request additional ad-hoc information to address a particular area of concern or risk.

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

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

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

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

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

4. Board Composition

4.1 The Board's policy is that there should be a majority of independent, non-executive directors to ensure that Board discussions or decisions have the benefit of predominantly outside views and experience, and that the majority of directors are free from interests and influences that may create a conflict with their duty to the Company. Maintaining a balance of experience and skills is an important factor in Board composition. Details of the skills, experience and expertise of each director is set out on page 7.

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

Corporate Governance Statement

- 4.3 The Company currently has six directors, one of whom is an Executive Director (the Managing Director). The remaining five directors are non-executive. With the exception of the Chairman, all non-executive directors are 'independent'.
- 4.4 The Board notes that the ASX Corporate Governance Council's recommendations include a recommendation that the Chairman be an independent director. As noted in 4.3 above, although he is Chairman of the Board, Mr Dunai is not an independent director.
- 4.5 The Board believes it is important that Mr Dunai remains actively engaged with the Company and that this requirement is best met by him holding the position of Chairman. The Board is also of the view it is capable of making, and does make, independent decisions with regard to the best interests of the Company notwithstanding that the Chairman is not independent. As an additional measure, Ms Seabrook holds the position of Lead Independent Director, with a clear charter to act as a point of reference and coordination where there is, or it is perceived there may be, a conflict for the Chair (refer item 8 of this corporate governance statement).
- 4.6 In the opinion of the Board, the present composition fairly represents the interests of all shareholders in the Company.

5. Board Access to Information and Independent Advice

- 5.1 All directors have unrestricted access to all employees of the group and, subject to the law, access to all company records and information held by group employees and external advisers. The Board receives regular detailed financial and operational reports from senior management.
- 5.2 Any director can seek independent professional advice at the Company's expense in the furtherance of his or her duties, subject to prior discussion with the Chairman. If this occurs, the Chairman must notify the other directors of the approach, with any resulting advice received to be generally circulated to all directors.

6. Appointment Term and Other Directorships

- 6.1 In accordance with the company's constitution, all directors other than the Managing Director are required to seek re-election at least once in every three years on a rotating basis.
- 6.2 In order to ensure that composition of the Board will change over time, the Board has a general policy that non-executive directors should not serve for a period exceeding 12 years, and that the Chairman should not serve in that role for more than 10 years.
- 6.3 Directors are required continually to evaluate the number of Boards on which they serve to ensure that each can be given the time and attention required to fulfil their duties and responsibilities. Directors are required to seek approval from the Chairman prior to accepting an invitation to become a director of any corporation.

7. Remuneration

- 7.1 Non-executive directors are paid an annual fee within a fixed amount approved for all non-executive directors by shareholders. The total aggregate annual amount approved for the Company is currently \$600,000 per annum, which was set in 2010.
- 7.2 The Company does not pay retirement benefits to directors.
- 7.3 For information relating to the consolidated entities remuneration practices, and details relating to directors' and executives' remuneration during the financial year, see the Audited Remuneration Report which starts on page 11, and is incorporated into this corporate governance statement by reference.
- 7.4 No additional fees were paid to directors for serving on sub-committees during the period. As members of management, executive directors, when appointed, do not receive any additional directors' fee.
- 7.5 The fees paid to directors take into account what is paid by comparable companies and what is necessary to attract high-calibre people to consider Board appointment. In line with general industry practice, the Board reviews its remuneration strategies in relation to non-executive directors from time to time.

Corporate Governance Statement

- 7.6 Further details regarding the remuneration paid to directors and senior executives of the company and the group are set out in the Directors' Report on pages 11 to 27.
- 7.7 Subject to the restriction that persons may not deal in any securities when they are in possession of price-sensitive information, directors and employees generally may only buy or sell the Company's shares in the periods immediately following any price-sensitive announcements, including the half-year and full year results and Annual General Meeting. At all times, directors dealing in the Company's shares must obtain prior approval from the Chairman.
- 7.8 The relevant interests of each director in the share capital of the Company at the date of this report, as notified to the ASX pursuant to the Listing Rules and section 205G of the Corporations Act 2001, are set out on page 12 in the Directors' Report.

8. Conflict of Interest and Lead Independent Director

- 8.1 In order to ensure that any interests of a director in a particular matter to be considered by the Board are brought to the attention of all the directors, the Company has developed protocols consistent with obligations imposed by the Corporations Act 2001 and the Listing Rules, to require each director to disclose any contracts, offices held, interests in transactions and other directorships which may involve any potential conflict. Appropriate procedures have been adopted to ensure that, where the possibility of a material conflict arises, relevant information is not provided to the director, and the director does not participate in discussion on the particular issue, or vote in respect of the matter at the meeting where the matter is considered.
- 8.2 Concurrent with Mr Dunai assuming the role of Chairman, Ms Seabrook assumed the role of Lead Independent Director. This role becoming effective on 5 May 2010.
- 8.3 The role of the Lead Independent Director is to provide a point of reference and coordination where there is, or it is perceived there may be, a conflict for the Chair where the Chair is not an independent director.

9. Board Committees

- 9.1 The Board has two standing committees, namely the Audit Committee and a Nomination and Remuneration Committee. The Company has adopted an Audit Committee Charter and a Nomination and Remuneration charter to define these tasks and responsibilities.
- 9.2 The Board periodically reviews the charter for each of these areas.
- 9.3 The Board also delegates specific functions to ad hoc committees of directors on an 'as needs' basis. The powers delegated to these committees are set out in board resolutions. Senior executives attend board and committee meetings by invitation, whenever particular matters arise that require management presentations or participation.

10. Accountability and Audit

- 10.1 The members of the Audit Committee during the year were all non-executive directors and comprised:
- Mr J Killen (Chair);
 - Mr B Burdett;
 - Ms J Seabrook; and
 - Mr J Cameron.
- 10.2 Members of the Audit Committee are financially literate and the Board is of the opinion that the members of the committee possess sufficient financial expertise and knowledge of the industry in which the Company operates. Details of the qualifications of the Audit Committee members are included in the Directors' Report on page 7.

Corporate Governance Statement

- 10.3 The Audit Committee reviews the financial statements, adequacy of financial controls and the annual external audit arrangements. It monitors the controls and financial reporting systems, applicable Company policies, national and international accounting standards and other regulatory or statutory requirements. The Committee also reviews the processes in place for the identification, management and reporting of business risk, and reviews the findings reported.
- 10.4 The Committee also liaises with the Company's external auditors, reviews the scope of their activities, their remuneration and independence, and advises the Board on their appointment and removal. It is Board policy that the lead external audit partner and review partner are each rotated periodically.
- 10.5 The Chief Financial Officer, other relevant Company officers (as required) and the lead external audit partner participate at meetings of the Audit Committee.
- 10.6 The Board has adopted a policy that the Company's external auditor shall not provide non-audit services that may detract from the external auditor's independence and impartiality or be perceived as doing so. Any other services provided by the external auditor are reviewed on a case by case basis and must be approved by the Audit Committee in advance.

11. Nomination and Remuneration

- 11.1 The Nomination and Remuneration Charter provides for periodic review of the structure and performance of the Board, Board committees and individual directors and a framework for changes when necessary. This includes identifying suitable candidates for appointment as non-executive directors. The Charter also addresses matters such as succession and senior executive compensation policy, including short and long-term incentive plans and the Company's recruitment, retention and termination policies.
- 11.2 The Charter provides for directors to access the services of independent professional advisers to assist in the search for high-calibre people at all levels and ensure that the terms and conditions offered by the Company are competitive with those offered by comparable companies.
- 11.3 The members of the Nomination and Remuneration Committee are:
- Mr P Dunai (Chair);
 - Ms J Seabrook; and
 - Mr A Walsh.
- 11.4 The Board notes that the ASX Corporate Governance Council's recommendations include a recommendation that the Chairman of the Nomination and Remuneration committee(s) is an independent director, and the committee should consist of a majority of independent directors. As noted in 4.3 above, Mr Dunai is not an independent director, and Mr Walsh is an executive director.
- 11.5 The Board does not consider Mr Dunai's lack of independence represents an impediment to his role as Chair of the Nomination and Remuneration committee given the Lead Independent Director is also a member of this committee. Mr Walsh's attendance on the committee is considered integral to the committee's role in understanding the remuneration issues within the company.
- 11.6 Recommendations and resolutions of the Nomination and Remuneration committee are referred to the full board, which has a majority of independent directors, for final approval.

12. Continuous Disclosure

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

Corporate Governance Statement

- 12.2 In addition to the Company's obligations to disclose information to the ASX and to distribute information to shareholders, the Company publishes annual and half-year reports, media releases, and other relevant publications on its website, at www.iress.com.au
- 12.3 The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and discussion of the Group's strategy and goals. The Company invites the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

13. Securities Dealings

- 13.1 The Board's policy concerning trading in Company securities precludes directors, executives and employees from dealing in the Company's securities 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. In the case of directors, prior approval from the Chairman is required for all dealings in the Company's securities.
- The approved trading windows are for the four weeks after:
- one day following the announcement of the half-yearly and full year results (as the case may be); and
 - one day following the holding of the annual general meeting.
- 13.2 All directors, executives and employees are prohibited from trading the Company's securities at any time if they possess price-sensitive information not available to the market and which could reasonably be expected to influence the market. Directors, executives and employees may not engage in short term dealings in the Company's shares.
- 13.3 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.
- 13.4 As required by the ASX listing rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company.
- 13.5 Pursuant to changes in the ASX listing rules, at the end of the year the Company announced its Securities Trading Policy applying to Key Management Personnel. This policy is broadly consistent with the internal policies on dealing in the company's securities, albeit with some incremental restrictions and obligations on the non-director members in this group.

14. Additional Corporate Governance Information

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

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



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We have audited the accompanying financial report of IRESS Market Technology Limited, which comprises the Statement of Financial Position as at 31 December 2010, and the Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 41 to 95.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Member of
Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation

Independent Auditor's 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.

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

Auditor's Opinion on the Financial Report

In our opinion:

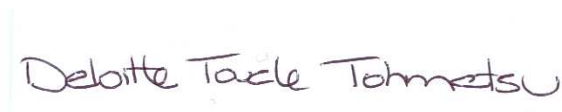
- a) the financial report of IRESS Market Technology Limited is in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 27 of the Directors' Report for the year ended 31 December 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the Remuneration Report of IRESS Market Technology Limited for the year ended 31 December 2010, complies with Section 300A of the Corporations Act 2001.



DELOITTE TOUCHE TOHMATSU



Sneza Pelusi
Partner
Chartered Accountants

MELBOURNE, 24 February 2011

Directors' Declaration

The directors declare that:

- a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity;
- c) in the directors' opinion, the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
- d) the directors have been given the declarations required by s.295A of the Corporations Act 2001

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

On behalf of the Directors



Mr A Walsh
Managing Director

MELBOURNE, 24 February 2011

Statement of Comprehensive Income for the Financial Year Ended 31 December 2010

	Note	Consolidated	
		2010 \$'000	2009 \$'000
Revenue from ordinary activities	2	183,028	171,392
Customer data fees		(20,170)	(19,470)
Communication and other technology expenses		(9,309)	(8,984)
Employee related expenses	3	(64,090)	(58,559)
Other expenses including administration expenses		(4,752)	(5,283)
Facilities rent		(2,489)	(2,148)
Bad and doubtful debts		722	(38)
Business acquisition and restructure expenses		(15)	–
Depreciation and amortisation expense	2	(15,098)	(21,049)
Profit before income tax expense	2	67,827	55,861
Income tax expense	4	(17,348)	(13,054)
Profit attributable to the members of the parent entity		50,479	42,807
Other comprehensive income		–	–
Exchange differences arising on translation of foreign operations		(342)	(3,090)
Total comprehensive income for the period		50,137	39,717
Earnings per Share	5		
Basic earnings per share (cents per share)		40.335	34.784
Diluted earnings per share (cents per share)		40.016	34.175

Notes to the financial statements are included on pages 46 to 95.

Statement of Financial Position as at 31 December 2010

	Note	Consolidated	
		2010 \$'000	2009 \$'000
Current Assets			
Cash and cash equivalent assets		99,063	73,225
Receivables	6	11,488	8,922
Current tax receivables	4	1,650	3,343
Other financial assets	7	280	–
Total current assets		112,481	85,490
Non-current Assets			
Plant and equipment	8	4,068	5,144
Computer software	9	16,175	25,303
Goodwill	10	31,234	29,722
Intangibles	10	1,540	1,728
Deferred tax assets	11	6,263	5,970
Other financial assets	12	50	55
Total non-current assets		59,330	67,922
Total assets		171,811	153,412
Current Liabilities			
Payables	13	13,260	11,128
Current tax payables	14	11,041	6,708
Provisions	15	2,910	3,067
Total current liabilities		27,211	20,903
Non-current Liabilities			
Provisions	16	5,554	5,175
Deferred tax liabilities	4	1,431	3,113
Total non-current liabilities		6,985	8,288
Total liabilities		34,196	29,191
Net assets		137,615	124,221
Equity			
Issued capital	17	75,898	75,898
Reserves	18	27,788	21,230
Retained earnings	19	33,929	27,093
Total equity		137,615	124,221

Notes to the financial statements are included on pages 46 to 95.

Statement of Changes in Equity for the Year Ended 31 December 2010

	Consolidated				Total \$'000
	Issued capital \$'000	Retained earnings \$'000	Share based payments reserve \$'000	Foreign currency translation reserve \$'000	
2010					
Opening balance	75,898	27,093	25,194	(3,964)	124,221
Profit for the year	–	50,479	–	–	50,479
Increase/(decrease) in translation reserve arising on translation of foreign operations	–	–	–	(342)	(342)
Total comprehensive income for the year	–	50,479	–	(342)	50,137
Issue of share capital	–	–	–	–	–
Cost of share-based payments	–	–	6,900	–	6,900
Equity dividends	–	(43,643)	–	–	(43,643)
Closing balance	75,898	33,929	32,094	(4,306)	137,615
2009					
Opening balance	75,898	23,541	17,592	(874)	116,157
Profit for the year	–	42,807	–	–	42,807
Increase/(decrease) in translation reserve arising on translation of foreign operations	–	–	–	(3,090)	(3,090)
Total comprehensive income for the year	–	42,807	–	(3,090)	39,717
Issue of share capital	–	–	–	–	–
Cost of share-based payments	–	–	7,602	–	7,602
Equity dividends	–	(39,255)	–	–	(39,255)
Closing balance	75,898	27,093	25,194	(3,964)	124,221

Notes to the financial statements are included on pages 46 to 95.

Statement of Cash Flows

for the Year Ended 31 December 2010

	Note	Consolidated	
		Inflows (outflows)	
		2010 \$'000	2009 \$'000
Cash Flows from Operating Activities			
Receipts from customers		192,313	183,635
Payments to suppliers and employees		(106,826)	(106,272)
Interest and bill discounts received		3,467	1,642
Income tax paid		(13,398)	(8,245)
Net cash provided by operating activities	22	75,556	70,760
Cash Flows from Investing Activities			
Payment for plant and equipment		(3,781)	(1,740)
Deferred payment for acquisition of subsidiary		–	(880)
Payment for acquisition of subsidiaries	23	(1,799)	(1,525)
Proceeds from/(payment for) investment in listed companies		5	3
Proceeds from sale of plant and equipment		–	13
Dividends received		69	–
Net cash used in investing activities		(5,508)	(4,129)
Cash Flows from Financing Activities			
Proceeds from issues of equity securities		–	–
Dividends paid		(43,644)	(39,241)
Net cash used in financing activities		(43,644)	(39,241)
Net increase in cash held		26,404	27,390
Cash at the beginning of the financial year		73,225	45,678
Effects of exchange rate changes on the balance of cash held in foreign currencies		(566)	157
Cash at the end of the financial year		99,063	73,225

Notes to the financial statements are included on pages 46 to 95.

Notes to the Financial Statements for the Year Ended 31 December 2010

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 consolidated entity comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 24 February 2011.

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 statement of financial position.

b) Employee benefits

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

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

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

Contributions to defined contribution superannuation plans are expensed when incurred.

Notes to the Financial Statements for the Year Ended 31 December 2010

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

Notes to the Financial Statements for the Year Ended 31 December 2010

f) Goodwill

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

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

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

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

g) Income tax

Current tax

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

Deferred tax

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

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

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

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

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

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

Notes to the Financial Statements for the Year Ended 31 December 2010

Current and deferred tax for the period

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

Tax consolidation

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

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

i) Business combinations

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

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

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

Notes to the Financial Statements

for the Year Ended 31 December 2010

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

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

j) Impairment of assets

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

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

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

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

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

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

k) Leases

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

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

l) Payables

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

Notes to the Financial Statements for the Year Ended 31 December 2010

m) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in 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 exceed the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

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

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

n) Plant and equipment

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

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

Useful life

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

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

- | | | | |
|--------------------------|---------|--------------------------|---------|
| ▪ Leasehold improvements | 3 years | ▪ Furniture and fittings | 3 years |
| ▪ Computer equipment | 3 years | ▪ Office equipment | 3 years |

o) Provisions

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

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

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

Dividends

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

Notes to the Financial Statements for the Year Ended 31 December 2010

p) 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.

q) 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.

r) Computer software development expenditure

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

s) Financial instruments issued

Debt and equity instruments

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

Transaction costs on the issue of equity instruments

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

Interest and dividends

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

Notes to the Financial Statements for the Year Ended 31 December 2010

t) Adoption of new and revised Accounting Standards

In the current year the Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2010.

AASB 3(2008) has been adopted in the current year. Its adoption has affected the accounting for business combinations in the current period. In accordance with the revised standard contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss. Acquisition-related costs are accounted for separately from the business combination. These costs are recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

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

- | | |
|--|--|
| ▪ AASB 124 'Related Party Disclosures (2009)' | Applies to annual reporting periods beginning on or after 1 January 2011 |
| ▪ AASB 2009-12 'Amendments to Australian Accounting Standards' | Applies to annual reporting periods beginning on or after 1 January 2011 |
| ▪ AASB 9 'Financial Instruments' | Applies on a modified retrospective basis to annual reporting periods beginning on or after 1 January 2013 |
| ▪ AASB 2009 – 11 'Amendments to Australian Accounting Standards arising from AASB 9' | Applies on a modified retrospective basis to annual reporting periods beginning on or after 1 January 2013 |
| ▪ AASB 1053 'Application of Tiers of Australian Accounting Standards' | Applies to annual reporting periods beginning on or after 1 July 2013 but may be early adopted for annual reporting period beginning on or after 1 July 2009 |
| ▪ AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements' | Applies to annual reporting periods beginning on or after 1 July 2013 but may be early adopted for annual reporting period beginning on or after 1 July 2009 |
| ▪ AASB 2009-10 'Amendments to Australian Accounting Standards – Classification of Rights Issues' | Applies to annual reporting periods beginning on or after 1 February 2010 |
| ▪ AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project | Applies to annual reporting periods beginning on or after 1 July 2010 |
| ▪ AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project | Applies to annual reporting periods beginning on or after 1 January 2011 |
| ▪ AASB 2010-5 Amendments to Australian Accounting Standards | Applies to annual reporting periods beginning on or after 1 January 2011 |

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

Notes to the Financial Statements for the Year Ended 31 December 2010

	Consolidated	
	2010 \$'000	2009 \$'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	179,811	169,477
Other revenue	(223)	283
	179,588	169,760
Interest revenue	3,440	1,632
Total revenues from ordinary activities	183,028	171,392
Expenses		
Net transfers to/(from) bad and doubtful debts provisions arising from		
Other entities	(722)	38
Depreciation of non-current assets		
Plant and equipment	3,798	5,062
Amortisation of non-current assets		
Computer software	11,034	14,291
Other intangibles	266	1,696
Operating lease rental expenses		
Minimum lease payments	3,555	3,086
Net foreign exchange (gain)/loss	321	(2,318)
Sales of assets in the ordinary course of business have given rise to the following (profits)/losses		
Plant and equipment	(3)	(9)

3. Employee related expenses

Employee related expenses can be broken down as follows

Total monetary based expense (a)	57,190	50,957
Share based payment expense (b)	6,900	7,602
Total employee related expense	64,090	58,559

- (a) Total monetary based expense comprises salary and fees, bonuses, superannuation and other benefits. Contributions to superannuation and similar post employment arrangements amounted to \$3.468m (2009: \$3.195m) for the consolidated entity.
- (b) Expense recognised in accordance with AASB 2 'Share Based Payment'. This expense is a function of both the value and duration of the instruments granted. The expense recognised in 2010 represents a combination of share grants made in 2010 and in prior years.

Notes to the Financial Statements for the Year Ended 31 December 2010

4. Income Tax

Income Tax Recognised in Profit or Loss

Tax expense comprises

	Consolidated	
	2010 \$'000	2009 \$'000
Current tax expense/(income)	19,373	14,559
Adjustments recognised in the current year in relation to the current tax of prior years	119	434
Effect of changes in tax rates and laws	18	–
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	(1,969)	887
Tax losses now utilised	–	(2,581)
Effect of different tax rates	(193)	(245)
Total tax expense	17,348	13,054

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	67,827	55,861
Income tax expense calculated at 30%	20,348	16,758
Non deductible expenses / non assessable income	767	1,330
Deductible share based payment expenses not previously recognised	(3,711)	(2,642)
Tax losses now recognised as deferred tax assets	–	(2,581)
Effect of different tax rates	(193)	(245)
Effect on deferred tax balances due to the change in income tax rate from 36.12% to 32% on our Canadian operations	18	–
(Over)/under provision of income tax in previous year	119	434
Income tax expense	17,348	13,054

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.

A key factor influencing the less than 30% effective tax rate in 2010, arises from deductions only realised when performance rights vest and the now crystallised obligation is satisfied with the IRESS Market Technology Equity Plan Trust. Concurrent with these deductions, are deductions arising on deferred share and deferred share right grants. Accordingly, following the consolidated entity's migration of long term incentive arrangements for most non-executive employee from a performance rights based incentive to a deferred share/deferred share right basis (commenced in 2008), there has been a period of lower effective tax rates than would typically be the case. This transition is now substantially complete and the future impact on tax expense is anticipated to be much smaller.

Notes to the Financial Statements for the Year Ended 31 December 2010

Income Tax Recognised Directly in Equity

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

	Consolidated	
	2010	2009
	\$'000	\$'000
Current Tax Assets and Liabilities		
Current tax assets		
Tax refund receivable attributable to		
Entities in the tax-consolidated group	1,604	3,275
Other entities	50	68
	1,654	3,343
Current tax payables		
Income tax payable attributable to		
Parent entity	(9,617)	(5,588)
Other entities	(1,424)	(1,120)
	(11,041)	(6,708)
	(9,387)	(3,365)
Deferred Tax Balances		
Deferred tax assets comprise		
Tax losses - revenue	2,530	2,521
Temporary differences	3,733	3,449
	6,263	5,970
Deferred tax liabilities comprise		
Temporary differences	(1,431)	(3,113)
	(1,431)	(3,113)

Notes to the Financial Statements for the Year Ended 31 December 2010

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	
2010							
Gross deferred tax liabilities							
Other financial assets	(3,080)	1,688	–	–	–	–	(1,392)
Sundry receivables	(33)	(6)	–	–	–	–	(39)
	(3,113)	1,682	–	–	–	–	(1,431)
Gross deferred tax assets							
Doubtful debts	494	(174)	–	–	–	–	320
Other financial assets	2,540	(1,336)	–	–	–	–	1,204
Plant and equipment	(1,442)	1,972	–	–	–	(14)	516
Payables	336	–	–	–	–	–	336
Provisions	1,284	(340)	–	–	–	–	944
Other liabilities	237	176	–	–	–	–	413
	3,449	298	–	–	–	(14)	3,733
2009							
Gross deferred tax liabilities							
Other financial assets	(2,198)	(882)	–	–	–	–	(3,080)
Sundry receivables	(19)	(14)	–	–	–	–	(33)
	(2,217)	(896)	–	–	–	–	(3,113)
Gross deferred tax assets							
Doubtful debts	481	13	–	–	–	–	494
Other financial assets	1,747	793	–	–	–	–	2,540
Plant and equipment	(520)	(922)	–	–	–	–	(1,442)
Payables	305	31	–	–	–	–	336
Provisions	1,186	98	–	–	–	–	1,284
Other liabilities	240	(3)	–	–	–	–	237
	3,439	10	–	–	–	–	3,449

Notes to the Financial Statements for the Year Ended 31 December 2010

Unrecognised Deferred Tax Balances

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

Tax Consolidation

a) Relevance of Tax Consolidation to the Consolidated Entity

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

b) Nature of Tax Funding Arrangements and Tax Sharing Agreements

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 2010

5. Earnings per Share

	2010 Cents per share	2009 Cents per share
Basic earnings per share	40.335	34.784
Diluted earnings per share	40.016	34.175

Basic Earnings per Share

	2010 Cents per share	2009 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 statement of comprehensive income	\$ '000	50,479	42,807
Weighted average number of ordinary shares (a)	No. '000	125,148	123,066

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

Diluted Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows

Earnings used in the calculation of diluted earnings per share reconciles to profit attributable to the members of the parent entity in the statement of comprehensive income	\$ '000	50,479	42,807
Weighted average number of ordinary shares (refer to footnote (a) above)	No. '000	126,147	125,258

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	125,148	123,066
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)	999	2,192

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	–	–
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- (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 2010 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 2010

6. Current Receivables

	Consolidated	
	2010 \$'000	2009 \$'000
Trade receivables	10,883	9,496
Allowance for doubtful debts	(858)	(1,703)
	10,025	7,793
Sundry receivables and prepayments	1,463	1,129
	11,488	8,922
Movement in the allowance for doubtful debts		
Opening balance	1,703	1,770
Amounts written off as uncollectible	(94)	(67)
Provision reversed	(751)	–
Closing balance	858	1,703

The 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 statement of financial position. The provision in respect of trade and sundry receivables is determined with regard for historical write-offs and specifically identified customers. Other balances in other receivables do not contain impaired assets and are not past due.

An aged analysis of trade receivables for December 2010 is as follows.

	Consolidated	
	2010 %	2009 %
0 – 30 days	67	56
31 – 60 days	18	27
61 – 90 days	9	10
91+ days PDNI (a)	6	7
91+ days CI (b)	–	–

(a) PDNI – past due not impaired.
(b) CI – considered impaired.

Notes to the Financial Statements for the Year Ended 31 December 2010

7. Other Current Financial Assets

	Consolidated	
	2010 \$'000	2009 \$'000
Non-trade receivables from		
Other assets	280	–

8. Plant and Equipment

	Leasehold improve- ments \$'000	Furniture & fittings \$'000	Computer equipment \$'000	Office equipment \$'000	Total \$'000
Consolidated 2010					
Gross carrying amount (Cost)					
Balance at beginning of financial year	6,198	1,622	11,028	260	19,108
Additions	24	26	2,680	15	2,745
Additions through business combination	2	–	12	3	17
Net foreign currency exchange differences	(15)	(6)	(84)	–	(105)
Disposals	–	–	(63)	–	(63)
Balance at end of financial year	6,209	1,642	13,573	278	21,702
Accumulated depreciation					
Balance at beginning of financial year	(4,173)	(1,100)	(8,574)	(117)	(13,964)
Disposals	–	–	60	–	60
Net foreign currency exchange differences	8	4	58	(2)	68
Depreciation expense	(1,409)	(401)	(1,920)	(68)	(3,798)
Balance at end of financial year	(5,574)	(1,497)	(10,376)	(187)	(17,634)
Net book value					
At 31 December 2010	635	145	3,197	91	4,068

Notes to the Financial Statements for the Year Ended 31 December 2010

Consolidated 2009

	Leasehold improve- ments \$'000	Furniture & fittings \$'000	Computer equipment \$'000	Office equipment \$'000	Total \$'000
Gross carrying amount (Cost)					
Balance at beginning of financial year	6,305	1,669	19,022	180	27,176
Additions	47	9	1,325	100	1,481
Additions through business combination	–	–	7	1	8
Net foreign currency exchange differences	(154)	(54)	(578)	(2)	(788)
Adjustment – fully written down assets (a)	–	–	(8,545)	(18)	(8,563)
Disposals	–	(2)	(203)	(1)	(206)
Balance at end of financial year	6,198	1,622	11,028	260	19,108
Accumulated depreciation					
Balance at beginning of financial year	(2,335)	(662)	(15,083)	(88)	(18,168)
Adjustment – fully written down assets (a)	–	–	8,545	18	8,563
Disposals	–	1	193	1	195
Net foreign currency exchange differences	35	34	427	12	508
Depreciation expense	(1,873)	(473)	(2,656)	(60)	(5,062)
Balance at end of financial year	(4,173)	(1,100)	(8,574)	(117)	(13,964)
Net book value					
At 31 December 2009	2,025	522	2,454	143	5,144

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

	Consolidated	
	2010 \$'000	2009 \$'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	1,409	1,873
Furniture and fittings	401	473
Computer equipment	1,920	2,656
Office equipment	68	60
	3,798	5,062

Notes to the Financial Statements for the Year Ended 31 December 2010

	Consolidated	
	2010 \$'000	2009 \$'000
9. Computer Software		
Gross carrying amount (Cost)		
Balance at beginning of financial year	78,235	92,171
Additions	1,748	1,992
Additions through business combination	158	–
Net foreign currency exchange differences	(128)	(10)
Adjustment – short term software licence (a)	(1,299)	(1,599)
Adjustment – fully written down software (b)	–	(14,319)
Disposals	(366)	–
Balance at end of financial year	78,348	78,235
Accumulated amortisation		
Balance at beginning of financial year	(52,932)	(54,559)
Adjustment – short term software licence (a)	1,299	1,599
Adjustment – fully written down software (b)	–	14,319
Disposals	366	–
Net foreign currency exchange differences	128	–
Amortisation expense	(11,034)	(14,291)
Balance at end of financial year	(62,173)	(52,932)
Net book value		
At 31 December	16,175	25,303
Aggregate amortisation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year	11,034	14,291

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

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

Notes to the Financial Statements for the Year Ended 31 December 2010

10. Goodwill and Intangibles

Goodwill Gross Carrying Amount

	Consolidated	
	2010 \$'000	2009 \$'000
Balance at beginning of the financial year	29,722	32,283
Additional amounts recognised from business combinations occurring during the period	1,985	–
Purchase price adjustment	(292)	(705)
Effect of foreign currency exchange differences	(181)	(1,856)
Balance at end of financial year	31,234	29,722

There are no accumulated impairment losses.

Allocation of goodwill to cash generating units

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

In accordance with AASB 136 'Impairment of Assets', impairment testing was completed as at 31 December 2010 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	
	2010 \$'000	2009 \$'000
Financial Markets – Canada (a) (b)	8,680	8,835
Wealth Management – Australia & New Zealand (a)	15,179	15,471
Wealth Management – South Africa (a) (b)	5,390	5,416
Wealth Management – Asia (a)	1,985	–
Balance at end of financial year	31,234	29,722

(a) refer Note 24 for a description of the operations of these cash generating units

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

Impairment testing assumptions

The following assumptions were adopted in the assessment of indicators of impairment as at 31 December 2010 for each of the cash generating units; importantly these assumptions do not seek to represent directors' valuations of these businesses, and there is an inherent level of conservatism in the assumptions adopted:

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

Notes to the Financial Statements for the Year Ended 31 December 2010

- Where applicable the exchange rate prevailing as at 31 December 2010 is assumed to continue.

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

Intangibles Gross Carrying Amount

The movement in the intangibles balance represents the amortisation of these assets in accordance with their anticipated useful lives (refer Note 2).

	Consolidated	
	2010 \$'000	2009 \$'000
11. Deferred Tax Assets		
Temporary differences attributable to		
Parent entity	5,135	4,385
Entities in the tax consolidated group (Note 30)	(1,153)	(538)
Other entities (a)	(249)	(398)
Tax losses – other entities	2,530	2,521
	6,263	5,970

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

12. Other Non-Current Financial Assets

Investment in shares at fair value

50	55
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Investment in shares represents numerous minimum shareholding parcels in ASX listed stapled securities and property trusts held for the purposes of managing IRESS' capture and recording of corporate actions in these securities.

13. Current Payables

Trade payables	6,646	4,929
Sundry creditors and accruals	6,614	6,199
	13,260	11,128

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

14. Current Tax Payables

Income tax payable attributable to

Parent entity	9,617	5,588
Other entities	1,424	1,120
	11,041	6,708

Notes to the Financial Statements for the Year Ended 31 December 2010

15. Current Provisions

	Consolidated	
	2010 \$'000	2009 \$'000
Employee benefits (Note 25)	2,736	2,491
Dividends	39	40
Restructuring and termination costs	36	145
Provision for additional payment arising on the acquisition of subsidiaries	99	391
	2,910	3,067
Dividends		
Opening balance	40	25
Additional provisions recognised	43,643	39,255
Reductions arising from payments/other sacrifices of future economic benefits	(43,644)	(39,240)
Closing balance (a)	39	40
Restructuring and termination costs		
Opening balance	145	152
Additional provisions recognised	–	–
Reductions arising from payments/other sacrifices of future economic benefits	(109)	(7)
Closing balance	36	145
Provision for additional payment arising on the acquisition of subsidiaries		
Opening balance	391	1,977
Reductions arising from payments/other sacrifices of future economic benefits	(292)	(1,586)
Closing balance	99	391

- (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 2010, the balance represents unrepresented dividend cheques.

Notes to the Financial Statements for the Year Ended 31 December 2010

	Consolidated	
	2010 \$'000	2009 \$'000
16. Non-Current Provisions		
Employee benefits (Note 25)	2,175	1,796
Provision for third party software licence	3,379	3,379
	5,554	5,175

17. Issued Capital

Issued Capital

126,018,142 fully paid ordinary shares
(2009: 123,812,455)

75,898 75,898

	2010		2009	
	No. '000	\$'000	No. '000	\$'000
Fully Paid Ordinary Share Capital				
Balance at beginning of financial year	123,182	75,898	121,894	75,898
Issue of shares to IRESS Market Technology Equity Plan Trust ('Trust') pursuant to share plans (a)	2,206	–	1,918	–
Balance at end of financial year	126,018	75,898	123,812	75,898

(a) Additional issued capital arising from the issue of these shares in the years ended 31 December 2010 and 31 December 2009 amounted to \$134 and \$81 respectively.

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

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, 1,312,797 shares (1,329,597 shares less 16,800 treasury shares) were subscribed for by the Trust.

Deferred Shares

Pursuant to deferred shares granted to the Managing Director, executives and employees (refer Note 38) during the year which have not yet vested, 688,810 new shares were subscribed for by the Trust.

Deferred Share Rights

Pursuant to deferred share rights granted in prior years which vested during the year, 84,500 shares were subscribed for by the Trust.

Following cancellations of share rights granted to employees, as at 31 December 2010, the Trust holds 119,580 treasury shares.

Notes to the Financial Statements for the Year Ended 31 December 2010

18. Reserves

	Consolidated	
	2010 \$'000	2009 \$'000
Reserves Comprise		
Share based payments reserve	32,094	25,194
Foreign currency translation reserve	(4,306)	(3,964)
	27,788	21,230

Movements in Share Based Payments Reserves

Balance at beginning of financial year	25,194	17,592
Share based payments expense	6,900	7,602
Balance at end of financial year	32,094	25,194

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	(3,964)	(874)
Translation of foreign operations	(342)	(3,090)
Balance at end of financial year	(4,306)	(3,964)

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

19. Retained Earnings

	Consolidated	
	2010 \$'000	2009 \$'000
Balance at beginning of financial year	27,093	23,541
Net profit attributable to members of the parent entity	50,479	42,807
Dividends provided for or paid	(43,643)	(39,255)
Balance at end of financial year	33,929	27,093

Notes to the Financial Statements for the Year Ended 31 December 2010

20. Parent Entity Disclosure

	Company	
	2010 \$'000	2009 \$'000
Financial Position		
Assets		
Current assets	139,451	124,408
Non current assets	33,175	35,588
Total assets	174,626	159,996
Liabilities		
Current liabilities	20,298	12,774
Non current liabilities	7,592	8,253
Total liabilities	27,890	21,027
Equity		
Issued capital	75,898	75,898
Retained earnings	38,744	37,877
Share based payments reserve	32,094	25,194
Total Equity	146,736	138,969
Financial Performance		
Profit for the year	44,511	35,213
Total comprehensive income	44,511	35,213
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 subsidiaries (excluding amounts owed to the parent entity) are		
IRESS Data Pty Ltd	–	127
IRESS Market Technology (NZ) Limited	1,201	1,118
	1,201	1,245

Notes to the Financial Statements for the Year Ended 31 December 2010

21. Dividends

	31 December 2010		31 December 2009	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Fully paid ordinary shares				
Recognised amounts				
Interim dividend fully franked at a 30% tax rate	14.0	17,642	13.0	16,096
Final dividend fully franked at a 30% tax rate (a)	21.0	26,001	19.0	23,159
		<u>43,643</u>		<u>39,255</u>
Unrecognised amounts				
Final dividend	24.0 (b)	30,244	21.0 (c)	26,000
Special dividend unfranked	3.5	4,411	–	–
		<u>34,655</u>		<u>26,000</u>

(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) Franked to 66% at a 30% tax rate. The estimated value of the 2010 final dividend has been calculated based on 126,018,142 ordinary shares.

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

	Company	
	2010 \$'000	2009 \$'000
Adjusted franking account balance (a)	4,196	10,574

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

Notes to the Financial Statements for the Year Ended 31 December 2010

22. Notes to the Statement of Cash Flows

	Consolidated	
	2010 \$'000	2009 \$'000
Reconciliation of Cash		
For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows		
Cash	99,063	73,225
Reconciliation of Profit Attributable to Members of the Parent Entity to Net Cash Flows from Operating Activities		
Profit for the period	50,479	42,807
(Profit)/loss on sale of non-current assets	(3)	(9)
Depreciation and amortisation of non-current assets	15,098	21,049
Doubtful debts expense	(722)	38
Net foreign exchange (gain) / loss	321	(2,318)
Equity settled share based payments	6,900	7,602
Increase/(decrease) in deferred tax balances	(1,971)	68
Changes in net assets and liabilities, net of effect of acquisitions		
(Increase)/decrease in assets		
current trade receivables	(2,549)	(481)
other current assets	(354)	(245)
Increase/(decrease) in liabilities		
current trade payables	2,132	(1,196)
other non-current liabilities	85	(1,296)
other provisions	134	189
current tax liability	6,006	4,552
Net cash from operating activities	75,556	70,760

Subsidiaries Acquired During the Year

During the year, the consolidated entity acquired some subsidiaries (refer Note 23). The net outflow on acquisition was \$1.800m.

Notes to the Financial Statements for the Year Ended 31 December 2010

23. Acquisition of Businesses

Sentryi Pte Ltd

On 1 January 2010, IRESS Market Technology (Singapore) Pte Ltd acquired 100% of Sentryi Pte Ltd. Sentryi provides financial planning technology and related services to financial planners in Singapore. Sentryi was acquired for a total of \$1.969m.

Details on the assets and liabilities acquired are as follows.

Fair value of net assets acquired	Total fair value recognised on acquisition \$'000
Current Assets	
Cash and cash equivalent assets	170
Receivables	47
Non-Current Assets	
Plant and equipment	17
Computer software	158
Current Liabilities	
Payables	(159)
Provisions	(249)
	<u>(16)</u>
Goodwill arising on acquisition	<u>1,985</u>
	<u>1,969</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 Sentryi, IRESS Market Technology (Singapore) Pte 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 goodwill arising on acquisition is non-deductible.

Since acquisition, Sentryi has contributed revenue of \$0.280m to the consolidated group.

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 Sentryi acquisition.

Notes to the Financial Statements for the Year Ended 31 December 2010

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

	Total cost of acquisition \$'000
Total consideration	1,969
Cash paid	1,969
Less cash and cash equivalent balances acquired	170
Net Cash flow on acquisition	1,799

24. Segment Information

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

Financial Market Services

The consolidated entity's financial market services division provides information, trading, compliance, order management, portfolio systems and related tools. The principal clients comprise Australian and New Zealand domestic equity participants and participants in the Canadian equity markets. In addition this segment recently established operations in Asia.

Wealth Management Services

In this division the consolidated entity provides financial planning systems and related tools to wealth management professionals located in Australia, New Zealand, South Africa and Asia.

	External sales		Total	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Segment revenues				
Financial markets				
Australia & New Zealand	104,538	99,095	104,538	99,095
Canada	23,488	22,103	23,488	22,103
Asia	613	202	613	202
Total financial markets	128,639	121,400	128,639	121,400
Wealth management				
Australia & New Zealand	43,783	41,291	43,783	41,291
South Africa	7,072	6,786	7,072	6,786
Asia	317	–	317	–
Total wealth management	51,172	48,077	51,172	48,077
Total of all segments	179,811	169,477	179,811	169,477
Interest revenue			3,440	1,632
Eliminations			–	–
Unallocated			(223)	283
Consolidated			183,028	171,392

Notes to the Financial Statements for the Year Ended 31 December 2010

	2010 \$'000	2009 \$'000
Segment profits		
Financial markets		
Australia & New Zealand	58,904	56,635
Canada	7,843	7,020
Asia	(586)	(176)
Total financial markets	66,161	63,479
Wealth management		
Australia & New Zealand	18,636	16,929
South Africa	2,468	2,232
Asia	(1,121)	–
Total wealth management services	19,983	19,161
Total of all segments	86,144	82,640
Share based payment expense (Refer Note 3 (b))	(6,900)	(7,602)
Depreciation and amortisation expense	(15,098)	(21,049)
Interest revenue	3,440	1,632
Other contribution	241	240
Profit before income tax expense	67,827	55,861
Income tax expense	(17,348)	(13,054)
Profit attributable to the members of the parent entity	50,479	42,807

Notes to the Financial Statements for the Year Ended 31 December 2010

Segment Assets and Information

	2010			2009		
	Cash	Receivables	Payables	Cash	Receivables	Payables
Australia & New Zealand	90,868	10,573	(14,074)	67,019	7,143	(9,294)
Canada	1,275	2,093	(1,903)	1,998	1,245	(1,508)
Asia	149	2,088	(137)	–	74	–
South Africa	6,771	612	(1,024)	4,208	460	(326)
Total Consolidated	99,063	15,366	(17,138)	73,225	8,922	(11,128)

Other Segment Information

	Consolidated	
	2010	2009
Depreciation & amortisation		
Australia & New Zealand	13,898	18,149
Canada	673	2,178
Asia	72	–
South Africa	455	722
Total	15,098	21,049
Additions to plant and equipment		
Australia & New Zealand	1,870	899
Canada	752	275
Asia	91	–
South Africa	49	315
Total	2,762	1,489
Additions to software		
Australia & New Zealand	1,745	1,977
Canada	–	–
Asia	161	–
South Africa	–	15
Total	1,906	1,992

Notes to the Financial Statements for the Year Ended 31 December 2010

25. Employee Benefits

	Consolidated	
	2010 \$'000	2009 \$'000
The aggregate employee benefit liability recognised and included in the financial statements is as follows		
Provision for employee benefits		
Current (Note 15)	2,736	2,491
Non-current (Note 16)	2,175	1,796
	4,911	4,287

	2010	2009
	No.	No.
Number of employees (full time equivalent basis) and directors at end of the financial year, excluding staff on maternity leave or other unpaid leave.	512	458

26. Remuneration of Auditors

	Consolidated	
	2010 \$	2009 \$
Auditor of the parent entity (a)	257,700	198,300
Related practice of parent entity auditor (b)	19,159	19,215
	276,859	217,515

- (a) The auditor of IRESS Market Technology Limited is Deloitte Touche Tohmatsu.
- (b) Remuneration paid to international associates of Deloitte Touche Tohmatsu Australia located in Canada, New Zealand and South Africa.

27. Commitments for Expenditure

Lease Commitments

Non-cancellable operating lease commitments are disclosed in Note 29 to the financial statements.

28. Contingent Liabilities

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

Notes to the Financial Statements for the Year Ended 31 December 2010

29. Leases

Leasing Arrangements

Operating leases relate to office facilities with lease terms of between 2 to 10 years. The consolidated entity does not have an option to purchase the leased asset at the expiry of the lease period. Melbourne, Sydney, Brisbane and Perth office lease arrangements are supported by bank guarantees. At 31 December 2010, the total rental bank guarantees in place amounted to \$2,415,539 (2009: \$2,165,539).

	Consolidated	
	2010 \$'000	2009 \$'000
Non-Cancellable Operating Leases		
Not longer than 1 year	3,783	2,738
Longer than 1 year and not longer than 5 years	10,356	9,727
	14,139	12,465

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

Make Good Provisions

Current	164	164
Non-current	–	–

Notes to the Financial Statements for the Year Ended 31 December 2010

30. Subsidiaries

Name of entity	Country of incorporation / Principal activity	Ownership interest	
		2010 %	2009 %
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)	Australia / Provision of financial planning technology and related services	100	100
IRESS Canada Holdings Limited	Canada / Holding company	100	100
IRESS Data Pty Ltd (b)	Australia / Data procurement	100	100
IRESS Asia Holdings Limited	Hong Kong / Provision of financial market and financial planning technology and related services	100	100
IRESS Market Technology (Singapore) Pte Ltd	Singapore / Provision of financial market and financial planning technology and related services	100	100
IRESS South Africa (Australia) Pty Ltd (b) (c)	Australia / Software licensing company	100	–

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

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

(c) Incorporated on 3 November 2010.

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	2010 %	2009 %
PlanTech Holdings Pty Ltd	Australia / Holding company for PlanTech companies below	100	100
PlanTech Consulting Group Pty Ltd	Australia / Provider of risk (life insurance) information and PlanTech's financial planning services	100	100
Planning Resources Group Pty Ltd	Australia / No active operations, currently receives small amount of passive income associated with former PlanTech business	100	100
VisiPlan Pty Ltd	Australia / Provision of financial planning technology and related services	100	100
TransActive Systems Pty Ltd	Australia / Provision of mortgage information and related services	100	100
Dealer Management Systems Pty Ltd	Australia / Provision of financial planning technology and related services	100	100
FundData Pty Ltd	Australia / Provision of financial planning technology and related services	100	100

Notes to the Financial Statements for the Year Ended 31 December 2010

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	2010 %	2009 %
IRESS Spotlight Wealth Management Solutions (RSA) Pty Ltd	Australia / Provision of financial planning technology and related services	100	100
Spotlight Wealth Management (Pty) Ltd	South Africa / Provision of financial planning technology and related services	100	100
Advicenet Advisory Services (Pty) Ltd	South Africa / Provision of financial planning technology and related services	100	100
IRESS Wealth Management (RSA) (Proprietary) Limited	South Africa / Dormant	100	100

IRESS Canada Holdings Limited holds the following controlled entities.

Name of business acquired / incorporated	Country of incorporation / Principal activity	2010 %	2009 %
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

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

Name of business acquired / incorporated	Country of incorporation / Principal activity	2010 %	2009 %
Sentryi Pte Ltd (a)	Singapore / Provision of financial market and financial planning technology and related services	100	–

(a) Acquired 1 January 2010.

Notes to the Financial Statements for the Year Ended 31 December 2010

31. Subsequent Events

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

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

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

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

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

Sufficient information to complete provisional acquisition accounting is not yet available.

32. Financial Instruments

Capital Risk Management

The consolidated entity manages its capital to ensure that entities in the consolidated entity will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The consolidated entity's overall strategy remains unchanged from 2009. The directors review the capital structure of the consolidated entity on a regular basis.

Financial Risk Factors

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

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

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, or the future value of a foreign currency denominated income stream, will fluctuate due to changes in foreign currency rates.

The immediate exposure of the company to foreign currency risk arises primarily from loans to wholly owned foreign subsidiaries. These investments can give rise 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.

Notes to the Financial Statements

for the Year Ended 31 December 2010

The consolidated entity 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 33.

The carrying value of the company's receivables or payables 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 2010 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	39
Weakened by CAD 1 cent	(39)

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

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

b) Liquidity Risk

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

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

c) Interest Rate Risk

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

Sensitivity of cash deposits to movements in the interest rate can be demonstrated using assumptions that are not necessarily relevant to the future financial position of the company, and assuming a constant deposit amount based on 31 December 2010 year end balances. The effect of a change in the interest rate, interest income and reported financial performance is as follows:

Movement in interest rate	Consolidated \$'000
1%	991

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

d) Credit Risk

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

The company has a material exposure through receivables to clients in the financial services industry. The company actively manages this exposure.

Notes to the Financial Statements for the Year Ended 31 December 2010

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.

33. Related Party Disclosures

a) Equity Interests in Related Parties

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

b) Key Management Personnel Disclosures

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

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 \$2,468,296 (2009: \$3,160,107) from loans to subsidiaries, and paid interest of \$91,501 (2009: \$98,170) to subsidiaries.

During the financial year, the consolidated entity recognised a net receivable of \$1,699,300 (2009: \$3,274,674) from its wholly owned subsidiaries for their taxes consolidated for the current period.

During the year IRESS Canada Holdings Limited paid licence fees of \$6,627,993 (2009: \$4,509,000) to the parent entity.

During the financial year, the parent entity provided sales and technical support to entities in the wholly owned group. These services were provided at an arm's length basis.

During the financial year, the parent entity paid a marketing support fee to IRESS Asia Holdings Limited of \$251,215 (2009: nil), and to IRESS Market Technology (Singapore) Pte Ltd of \$1,746,721 (2009: nil).

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 2010 (2009: nil).

During the year, Spotlight Wealth Management (Pty) Ltd rented premises at commercial rates from Spotlight House (Pty) Ltd, an entity associated with Mr P Moretonas, an employee of Spotlight Wealth Management (Pty) Ltd. The amount paid was \$144,771 (2009: \$135,233).

Notes to the Financial Statements for the Year Ended 31 December 2010

e) Transactions with ASX Limited

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

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

Total fees paid to ASX for Australian equity and related market data and associated services in 2010 were \$11,822,525 (2009: \$11,383,099). Depending on the particular data set or service being subscribed for, these fees are typically based on either:

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

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

34. Directors and Key Management Personnel Disclosures

a) Directors and Key Management Personnel

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

- Mr N Hamilton (Chairman, Non-executive Director; retired on 5 May 2010);
- Mr P Dunai (Director, Chairman from 5 May 2010, Chairman of the Nomination and Remuneration Committee);
- Mr A Walsh (Managing Director, appointed 15 October 2009)
- Mr J Killen (Chairman of the Audit Committee, Non-executive Director);
- Mr B Burdett (Non-executive Director);
- Ms J Seabrook (Non-executive Director, Lead Independent Director from 5 May 2010); and
- Mr J Cameron (Non-executive Director, appointed 15 March 2010).

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

- Mr S Bland (Chief Financial Officer);
- Mr J Davies (President & Chief Executive Officer, Financial Markets Canada);
- Ms K Gross (General Manager, Products, Sales & Marketing);
- Mr A Rudy (General Manager, Operations);
- Mr J Rudy (General Manager, Financial Markets Asia);
- Mr D Walker (Chief Technical Officer); and
- Ms T Vigilante (General Manager, Wealth Management Australia).

The Nomination and Remuneration Committee, in accordance with the Company's Nomination and Remuneration Charter reviews the remuneration packages of all directors and executives on an annual basis. Remuneration packages are reviewed and 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. Mr Dunai has a fixed term employment contract until May 2010, with an arrangement for him to continue being available to IRESS as a consultant until February 2012. Termination payments would arise should directors elect to terminate this contract prior to expiry. The minimum notice period for any executive is three months,

Notes to the Financial Statements

for the Year Ended 31 December 2010

and the maximum is six months. Except for termination payments arising from the circumstances outlined below, payments arising at the discretion of the board, or payments in lieu of notice, no termination payments are payable to executives. Further details on employment terms for executives are set out on pages 26 and 27.

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

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

	Consolidated	
	2010 \$	2009 \$
Short term employee benefits	3,767,586	3,875,427
Post-employment benefits	186,327	257,851
Other long term benefits	–	–
Termination benefits	–	–
Share-based payment	2,458,997	2,810,642
	6,412,910	6,943,920

b) Director and Key Management Personnel Equity Holdings

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

	Opening balance No.	Granted as compensation No.	Received on exercising of share rights No. (a)	Net other change No.	Closing balance No.	Balance held nominally No.
2010						
Directors						
Mr N Hamilton	100,000	–	–	–	100,000	–
Mr P Dunai	30,625	–	659,375	–	690,000	–
Mr A Walsh	–	–	70,950	–	70,950	–
Mr J Killen	77,500	–	–	–	77,500	–
Mr B Burdett	80,000	–	–	20,000	100,000	–
Ms J Seabrook	20,000	–	–	–	20,000	–
Mr J Cameron	–	–	–	–	–	–
Executives						
Mr S Bland	170,500	–	61,390	(11,500)	220,390	–
Mr J Davies (b)	60,000	–	–	(60,000)	–	–
Ms K Gross	135,000	–	48,110	–	183,110	–
Mr A Rudy	5,000	–	43,400	(48,400)	–	–
Mr J Rudy	–	–	42,900	(42,900)	–	–
Mr D Walker	366,400	–	60,390	(9,530)	417,260	–
Ms T Vigilante	–	–	27,280	–	27,280	–

Notes to the Financial Statements for the Year Ended 31 December 2010

2009	Opening balance No.	Granted as compensation No.	Received on exercising of share rights No. (a)	Net other change No.	Closing balance No.	Balance held nominally No.
Directors						
Mr N Hamilton	100,000	–	–	–	100,000	–
Mr P Dunai	355,625	–	275,000	(600,000)	30,625	–
Mr A Walsh	–	–	120,000	(120,000)	–	–
Mr J Killen	77,500	–	–	–	77,500	–
Mr B Burdett	80,000	–	–	–	80,000	–
Ms J Seabrook	10,000	–	–	10,000	20,000	–
Executives						
Mr S Bland	205,000	–	60,000	(94,500)	170,500	–
Mr J Davies (b)	–	–	60,000	–	60,000	–
Ms K Gross	182,250	–	60,000	(107,250)	135,000	–
Mr A Rudy	63,343	–	45,000	(103,343)	5,000	–
Mr J Rudy	40,000	–	45,000	(85,000)	–	–
Mr D Walker	306,400	–	60,000	–	366,400	–

(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. Where applicable, figures relate to a period a director was a director.

(b) Mr Davies receives ordinary shares on exercise of vested share rights. In 2010, 40,000 share rights vested with Mr Davies, and he exercised no vested share rights. In 2009, 60,000 share rights vested and he exercised 60,000 rights.

Notes to the Financial Statements

for the Year Ended 31 December 2010

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

	Opening unvested balance No.	Granted as compensation No.	Vested during the period No. (b)	Closing unvested balance No.
2010				
Directors (a)				
Mr P Dunai	759,375	–	(559,375)	200,000
Mr A Walsh	207,950	125,000	(51,950)	281,000
Executives				
Mr S Bland	138,390	31,690	(46,390)	123,690
Mr J Davies	65,000	15,850	(25,000)	55,850
Ms K Gross	108,110	28,170	(37,110)	99,170
Mr A Rudy	88,400	19,370	(33,400)	74,370
Mr J Rudy	89,400	23,770	(33,400)	79,770
Mr D Walker	130,390	31,690	(46,390)	115,690
Ms T Vigilante	9,280	17,610	(9,280)	17,610
2009				
Directors (a)				
Mr P Dunai	1,034,375	–	(275,000)	759,375
Mr A Walsh	227,950	100,000	(120,000)	207,950
Executives				
Mr S Bland	152,390	46,000	(60,000)	138,390
Mr J Davies	105,000	20,000	(60,000)	65,000
Ms K Gross	130,110	38,000	(60,000)	108,110
Mr A Rudy	108,400	25,000	(45,000)	88,400
Mr J Rudy	106,400	28,000	(45,000)	89,400
Mr D Walker	148,390	42,000	(60,000)	130,390

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

(b) Upon vesting, performance rights are exercisable. With the exception of Mr Davies, all performance rights which vested during the relevant year were exercised prior to the year end in both 2009 and 2010.

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 2010

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

	Opening unvested balance No.	Granted as compensation No.	Vested during the period No.	Closing unvested balance No.
2010				
Directors				
Mr P Dunai	100,000	–	100,000	–
Mr A Walsh	44,000	29,000	(19,000)	54,000
Executives				
Mr S Bland	28,000	10,190	(15,000)	23,190
Mr J Davies	28,000	11,080	(15,000)	24,080
Ms K Gross	22,500	10,390	(11,000)	21,890
Mr A Rudy	18,000	6,590	(10,000)	14,590
Mr J Rudy	18,500	7,190	(9,500)	16,190
Mr D Walker	26,000	10,790	(14,000)	22,790
Ms T Vigilante	31,000	7,190	(18,000)	20,190
2009				
Directors				
Mr P Dunai	100,000	–	–	100,000
Mr A Walsh	19,000	25,000	–	44,000
Executives				
Mr S Bland	15,000	13,000	–	28,000
Mr J Davies	15,000	13,000	–	28,000
Ms K Gross	11,000	11,500	–	22,500
Mr A Rudy	10,000	8,000	–	18,000
Mr J Rudy	9,500	9,000	–	18,500
Mr D Walker	14,000	12,000	–	26,000

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

Notes to the Financial Statements for the Year Ended 31 December 2010

c) Other Transactions with Directors and Key Management Personnel

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

35. Share Based Payments

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

- the Employee Performance Rights Plan;
- the 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 2010

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 31/12/10 % (c)	Valid outstanding 31/12/10
May 2005 PDPR	9/5/05	3.70	2.18	27.0	3.5	5.3	A	Yes	60	100	–
May 2006 PDPR	8/5/06	5.80	3.81	27.0	3.7	5.7	A	Yes	48	100	–
May 2007 PR	7/5/07	8.60	5.39	27.0	3.9	6.0	A	No	36	100	–
May 2008 PR	7/5/08	6.26	3.85	35	4.3	6.4	A	No	36	100	291,000
May 2008 DSR	7/5/08	6.26	5.76	35	4.3	6.4	B	No	24	100	–
May 2008 DS	7/5/08	6.26	6.26	N/A	N/A	N/A	B	No	24	100	–
Aug 2008 PR	19/8/08	6.15	3.69	35	4.3	5.7	A	No	36	100	200,000
Aug 2008 DS	19/8/08	6.15	6.15	N/A	N/A	N/A	B	No	21	100	–
May 2009 PR	7/5/09	6.52	3.90	35	4.3	3.9	A	No	36	77	299,000
May 2009 DSR	7/5/09	6.52	6.00	35	4.3	3.6	B	No	24	100	93,320
May 2009 DS	7/5/09	6.52	6.52	N/A	N/A	N/A	B	No	24	100	559,768
May 2010 PR	7/5/10	8.34	5.68	35	4.3	5.0	A	No	36	56	377,650
May 2010 DSR	7/5/10	8.34	7.67	35	4.3	4.7	B	No	24	100	71,280
May 2010 DS	7/5/10	8.34	8.34	N/A	N/A	N/A	B	No	24	100	561,570

(a) PDPR refer Note 37, PR refer Note 36, DS refer Note 38, DSR refer Note 39.

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

(c) Indicative vesting has been calculated based on ranking relative to the benchmark as at 31 December 2010. Actual vesting will be determined based on performance at the end of the vesting period. Deferred shares and deferred share rights are assumed to fully vest for this analysis.

Notes to the Financial Statements for the Year Ended 31 December 2010

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

Holder	Incentive Plan	Unvested 1/1/10 or granted during the year '000	Vested '000	Cancelled '000	Unvested 31/12/10 '000
Director – P Dunai	May 2005 PDPR	300	(300)	–	–
	May 2006 PDPR	259	(259)	–	–
	August 2008 PR	200	–	–	200
	August 2008 DS	100	(100)	–	–
Director – A Walsh	May 2007 PR	52	(52)	–	–
	May 2008 PR	56	–	–	56
	May 2008 DS	19	(19)	–	–
	May 2009 PR	100	–	–	100
	May 2009 DS	25	–	–	25
	May 2010 PR	125	–	–	125
	May 2010 DS	29	–	–	29
Executives	May 2007 PR	231	(231)	–	–
	May 2008 PR	199	–	–	199
	May 2008 DSR	15	(15)	–	–
	May 2008 DS	78	(78)	–	–
	May 2009 PR	199	–	–	199
	May 2009 DSR	13	–	–	13
	May 2009 DS	67	–	–	67
	May 2010 PR	168	–	–	168
	May 2010 DSR	11	–	–	11
	May 2010 DS	52	–	–	52
Staff	May 2007 PR	607	(607)	–	–
	May 2008 PR	36	–	–	36
	May 2008 DSR	70	(70)	–	–
	May 2008 DS	614	(611)	(3)	–
	May 2009 DSR	81	–	(1)	80
	May 2009 DS	485	–	(17)	468
	May 2010 PR	85	–	–	85
	May 2010 DSR	60	–	–	60
	May 2010 DS	488	–	(8)	480

Notes to the Financial Statements

for the Year Ended 31 December 2010

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

Incentive Plan (a)	2010		2009	
	Quantity	Weighted average share price (\$)	Quantity	Weighted average share price (\$)
May 2005 PR	–	–	3,000	8.63
May 2005 PDPR	300,000	8.19	100,000	6.57
May 2006 PDPR	259,375	8.19	175,000	6.57
May 2006 PR	24,000	7.88	1,029,750	6.74
May 2007 PR	848,802	8.08	2,312	5.70
May 2008 DSR	40,000	8.72	–	–
May 2008 DS	807,430	8.34	–	–

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

36. Summary of the Employee Performance Rights Plan

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

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

General Rules

- a) The PR Plan is open to full-time and part-time employees of an entity in the IRESS group.
- b) The Board will determine the quantum of performance rights issued under the PR Plan.
- c) The total number of unvested performance rights together with all other shares outstanding under the various employee share plans, must not exceed 5% of the total number of issued shares in that class at the time of the offer.
- d) The PR Plan will be administered by the trustee in accordance with the instructions of the Board. The Board may make further rules for the operation of the PR Plan which are consistent with the PR Plan.
- e) The PR Plan provides for the possibility of accelerated vesting of performance rights upon the occurrence of a specified 'event' (such as a takeover is made for the Company, a scheme of arrangement is proposed or the Company is wound up).
- f) Performance rights lapse in certain circumstances, including where:
 - i) the performance criteria have not been satisfied within the required time period;
 - ii) vested performance rights expire; or
 - iii) an employee or consultant ceases their employment with the Company. Refer to i) below for further details.
- g) Where an employee leaves the Company, other than for a qualifying reason, all unvested rights lapse. Where an employee leaves the Company as a result of a qualifying reason, performance rights granted in the last six months lapse but remaining unvested rights vest on a pro-rata basis having regard to the period which has elapsed between the issue of the performance rights to the employee and the employee leaving the Company. Finally, where in the Board's view there are special circumstances under which it would be unfair not to allocate shares or the cash equivalent to a departing employee, the Board has the capacity to make such an allocation of shares or cash.

Notes to the Financial Statements for the Year Ended 31 December 2010

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

Performance Criteria

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

Performance ranking

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

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

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

Tranches

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

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

Notes to the Financial Statements for the Year Ended 31 December 2010

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.

37. 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 36.

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 2010

- 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.

38. Summary of the Employee Deferred Share Plan

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

Key areas of difference are as follows.

General Rules

- a) No exercise price is payable for a deferred share holder to subscribe for and be allotted, credited as fully paid, shares arising under the Plan;
- b) Participants are eligible to receive dividends and vote during the vesting period; and
- c) The vesting term and performance criteria are stipulated in the individual offering.

Notes to the Financial Statements

for the Year Ended 31 December 2010

Vesting Term and Criteria

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

39. Summary of the Employee Deferred Share Rights Plan

On 26 March 2008, the IRESS Employee Deferred Share Rights Plan (the Deferred Share Rights Plan) was established. The Deferred Share Rights plan is very similar in operation to the Deferred Share Plan outlined in Note 38.

Key areas of difference are as follows.

General Rules

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

Vesting Term and Criteria

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

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

The IRESS Non-Executive Directors share plan ('NED Plan') was established following the Company's Annual General Meeting in May 2008. As at 31 December 2010, and at the date of this report, no shares have been issued under the NED plan. The key terms of the NED Plan are set out below.

General Rules

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

Shareholder Information

The following information reflects shareholdings at 31 January 2010.

Distribution of Members and their Holdings

Size of holding	Number of ordinary shareholders	Shares	Number of performance rights holders	Number of deferred share holders	Number of deferred share rights holders
1 – 1,000	2,066	1,149,374	–	45	1
1,001 – 5,000	2,512	6,382,421	–	97	4
5,001 – 10,000	527	3,925,341	2	43	8
10,001 – 100,000	285	6,760,449	10	29	5
100,001 and over	37	107,800,557	4	–	–
Total	5,427	126,018,142	16	214	18

Number of shareholders with less than a marketable parcel 470

Ordinary Share Capital

- 126,018,142 fully paid ordinary shares are held by 5,427 shareholders
- All issued ordinary shares carry one vote per share held

Share Rights

- 1,167,650 performance rights held by 16 individual holders
- 1,121,338 deferred share rights held by 214 individual holders
- 164,600 deferred shares held by 18 individual holders
- Only deferred shares carry a right to vote

Treasury Shares

- 139,332 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	18.85%
Hyperion Asset Management Limited	10,984,298	8.72%
Commonwealth Bank Group	8,498,281	6.74%
BlackRock Investment Management (Australia) Limited	6,577,657	5.22%
Australia and New Zealand Banking Group Limited	6,334,534	5.03%
Total	56,144,771	44.56%

Twenty Largest Shareholders of Quoted Equity Securities

Ordinary shareholders	Fully paid	
	Number	Percentage
ASX Ltd	23,750,001	18.85%
JP Morgan Nominees Australia Limited	23,511,312	18.66%
HSBC Custody Nominees (Australia) Limited	14,249,271	11.31%
National Nominees Limited	13,711,344	10.88%
Citicorp Nominees Pty Limited	8,438,061	6.70%
Cogent Nominees Pty Limited	4,806,638	3.81%
Pacific Custodians Pty Limited <Equity Plans Tst A/C>	4,212,140	3.34%
UBS Nominees Pty Ltd <PB Seg A/C>	1,419,862	1.13%
Citicorp Nominees Pty Limited <Cwlth Bank Off Super A/C>	1,300,362	1.03%
Australian Foundation Investment Company Limited	1,036,791	0.82%
RBC Dexia Investor Services Australia Nominees Pty Limited <MLCI>	953,500	0.76%
Mirrabooka Investments Limited	907,994	0.72%
Cogent Nominees Pty Limited <SMP Accounts>	895,164	0.71%
UBS Wealth Management Australia Nominees Pty Ltd	858,658	0.68%
JP Morgan Nominees Australia Limited <Cash Income A/C>	841,929	0.67%
Argo Investments Limited	791,884	0.63%
M F Custodians Ltd	789,253	0.63%
RBC Dexia Investor Services Australia Nominees Pty Limited <BKCUST A/C>	747,722	0.59%
Queensland Investment Corporation	478,522	0.38%
AMP Life Limited	414,835	0.33%