

25 August 2011

The Manager  
Company Announcements Office  
Australian Stock Exchange  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000



**ELECTRONIC LODGEMENT**

Dear Sir or Madam

**2011 Half Year Results – Investor Presentation**

Please find attached a copy of an investor presentation on the Company's results for the half-year ended 30 June 2011.

Yours sincerely

A handwritten signature in black ink, appearing to be "P. Ferguson", with a long horizontal flourish extending to the right.

Peter Ferguson  
Company Secretary

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# *Half Year Results*

*Half year Ended 30 June 2011*

August 2011



[www.iress.com](http://www.iress.com)

## ***IRESS H1'11 Results***

- Underlying Group profit \$29.8 million (H2'10: \$30.3m, down 1.5%) excluding Asia \$30.7m (H2'10 \$31.0m, down 1.1%)
- Revenue growth softer in first half in line with market conditions.
- Continued headcount growth to support implementation of multimarket environments
- Appreciation of AUD impacted Canada and South Africa Australian dollar contribution
- Group (ex Asia & Peresys): Revenue up 1.3% and EBITDA down 5.1% on H2'10.
- Peresys Contribution: Revenue \$7.3m, EBITDA \$2.7m
- Reported Group profit \$21.7 million (H2'10: \$23.6m, down 7.9%).
- Interim dividend of 14.0 cents 90% franked (2010: 14 cents fully franked).

## Segment Performance Against Previous Half - Financial Markets

### Aust & NZ

- Op Rev up 0.6% (up 6.2% on PY)
- EBITDA down 5.9% (down 0.5% on PY)
- PAT down 9.9% (down 2.8% on PY)

### South Africa (ZAR) *(no prior period)*

- Op Rev R51.8m (AUD 7.3m)
- EBITDA R19.0m (AUD 2.7m)
- PAT R12.9m (AUD 1.8m)

### Canada (CAD)

- Op Rev up 7.0% (up 7.1% on PY)
- EBITDA up 5.7% (up 5.1% on PY)
- PAT up 5.7% (up 6.7% on PY)

### Asia (AUD) *(start up phase)*

- Op Rev \$0.5m up \$0.1m
- EBITDA \$(0.5)m down \$0.1m
- PAT \$(0.4)m down \$0.1m

## Segment Performance Against Previous Half – Wealth Management

### Aust & NZ

- Op Rev up 5.3% (up 11.1% on PY)
- EBITDA up 1.1% (up 7.6% on PY)
- PAT up 6.8% (up 17.6% on PY)

### Asia (AUD) *(start up phase)*

- Op Rev \$0.1m down \$0.1m
- EBITDA \$(0.6)m flat
- PAT \$(0.4)m flat

### RSA (ZAR)

- Op Rev down 8.0% (down 7.1% on PY)
- EBITDA down 41.5% (down 33.5% PY)
- PAT down 41.4% (down 30.8% PY)

## Group Performance Against Prior Half

- Adjusted Group Profit \$29.825 m  
Down \$0.441 m, 1.5% on prior half
  
- Segment Contribution against prior year \$A
  - Financial Markets Aust/NZ (2.153)
  - Financial Markets Canada (0.001)
  - Financial Markets RSA 1.818
  - Wealth Management Aust/NZ 0.401
  - Wealth Management RSA (0.393)
  - sub-total* (0.328)
  - Financial Markets Asia (0.090)
  - Wealth Management Asia (0.023)
  
  - (\$0.441)
  
- “Published” PAT \$21.743 m 7.9% down on prior half
  - A key factor in reduced “Published” PAT relative to Adj Group Profit, was an increase in the effective tax rate to 28.4% (2010: 16.2%) which relates to timing of tax deductions on share grants.

## EBITDA Margins

EBITDA Margin:% Revenue per Media Release		H2 2009	H1 2010	H2 2010	H1 2011	2008	2009	2010
Fin Mkts	Aust	57.5%	56.3%	56.4%	52.7%	55.3%	57.2%	56.3%
	Can (CAD)	34.1%	33.6%	33.3%	32.9%	23.9%	31.7%	33.5%
	RSA (ZAR)				36.7%			
Wealth Mngt	Aust	41.5%	42.4%	42.8%	41.0%	38.8%	41.0%	42.6%
	RSA (ZAR)	33.6%	32.9%	37.0%	23.5%		32.9%	35.0%

- Margin improvement during GFC due largely to reductions in discretionary staff compensation, with gradual restoration of remuneration during 2010.
- Investment in headcount for client projects and medium-term growth together with flatter revenues resulting in margin decline in H1'11.
- In mature businesses, anticipate margins to improve to levels closer to historical rates over time.

## **Strategic Charges**

- \$8.861m for half (H2'10:\$4.618m)  
Change primarily from \$4.361m of amortisation charges arising on assets recognised as part of transactions entered into with Peresys.

IRESS continued with:

- amortisation of purchased intangibles such as Computer Software;
- No capitalisation of software development expenditure post-acquisition of business.

## **Non-Recurring Expenses**

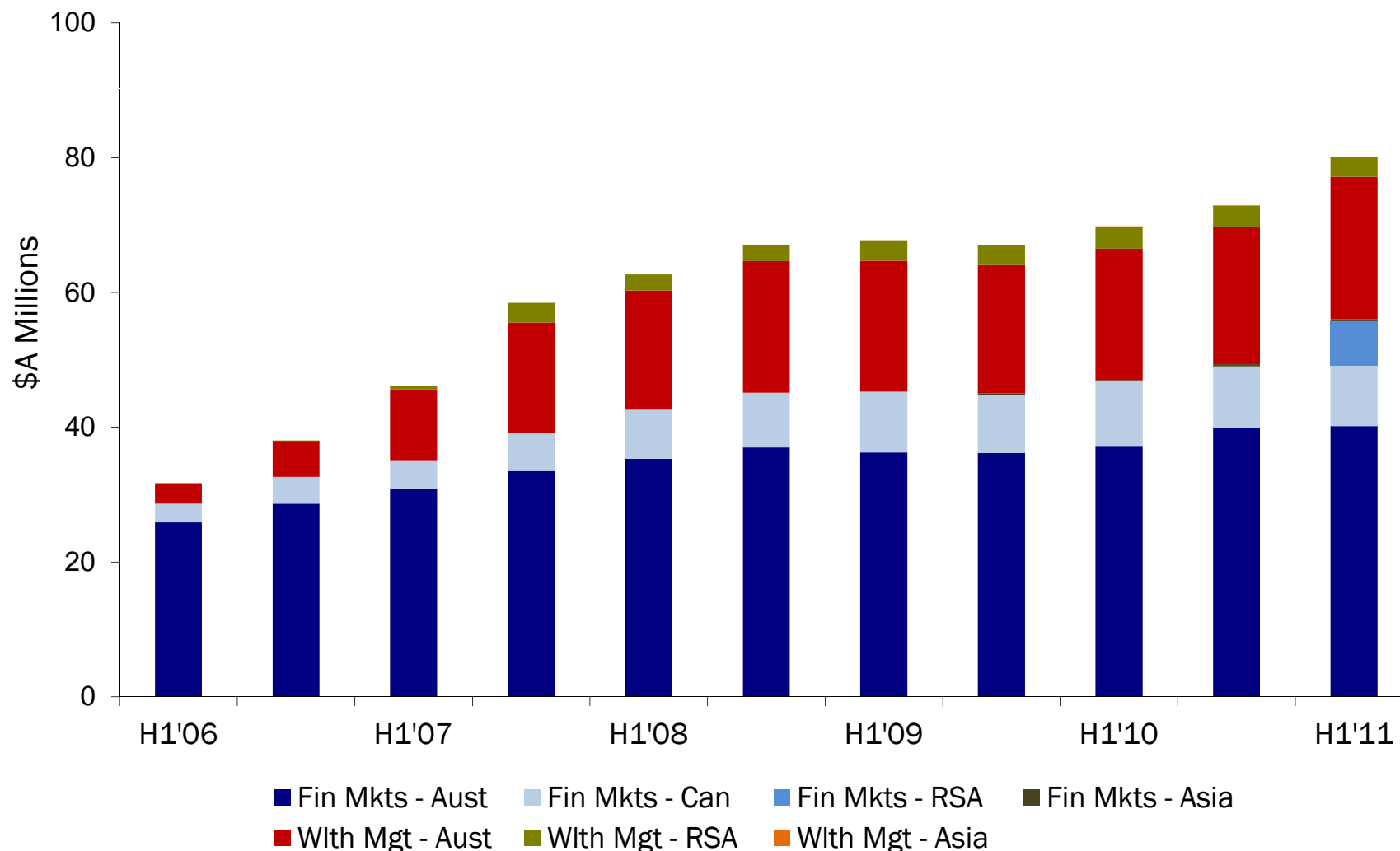
- Net non-recurring expenses before tax of \$0.388m, includes:
  - 0.271 acquisition costs
  - 0.256 realised FX loss
  - (0.139) other non-recurring contribution

## **Tax Expense**

- Deductible costs associated with employee share plans reverted to normal in H1'11 after favourable impacts in H1'10, H1'09 and H1'08.

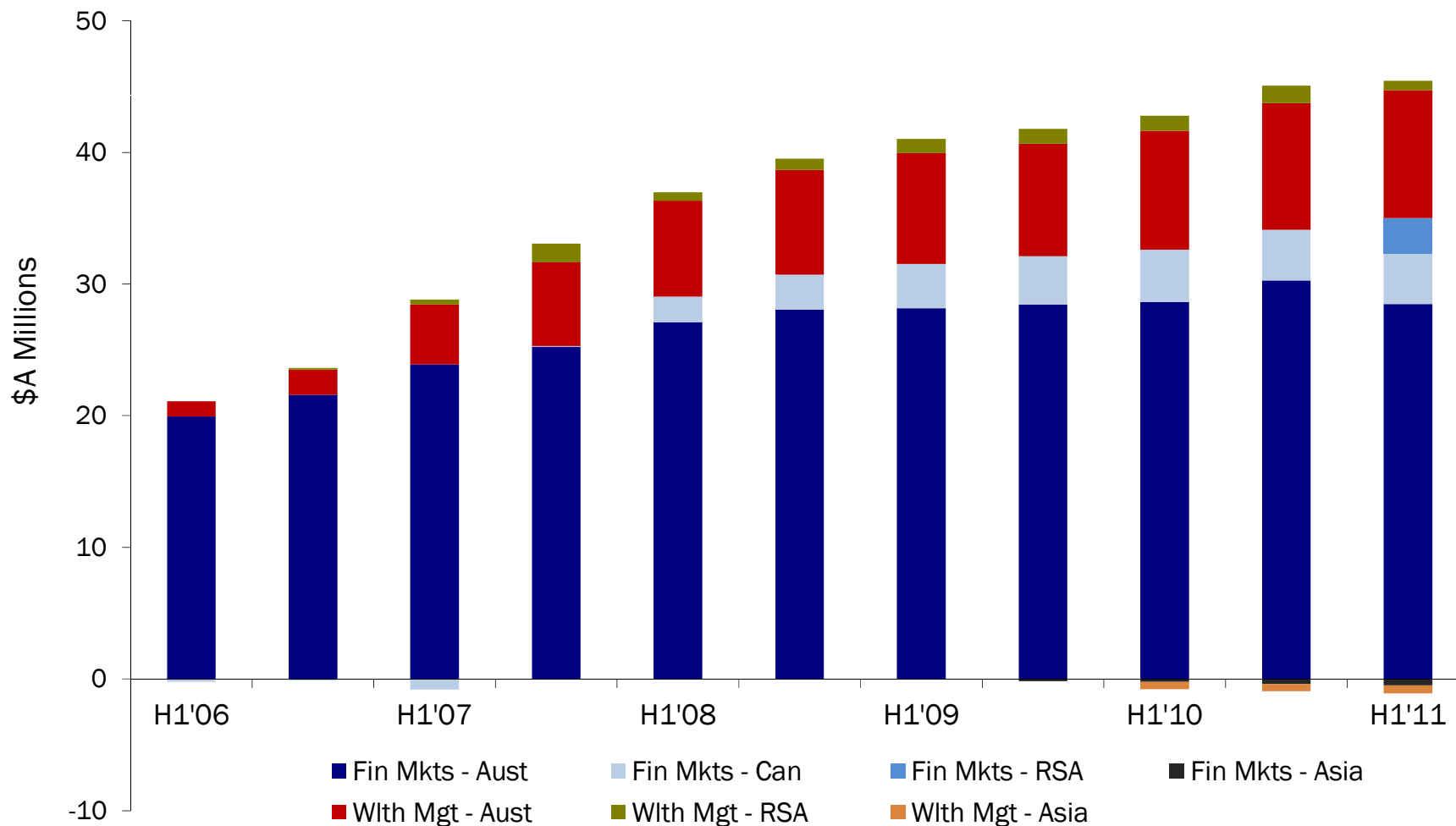
*For further detail on these items, please refer to the supplementary information at the end of this presentation*

## Review of Group Recurring Subscription Revenue\*



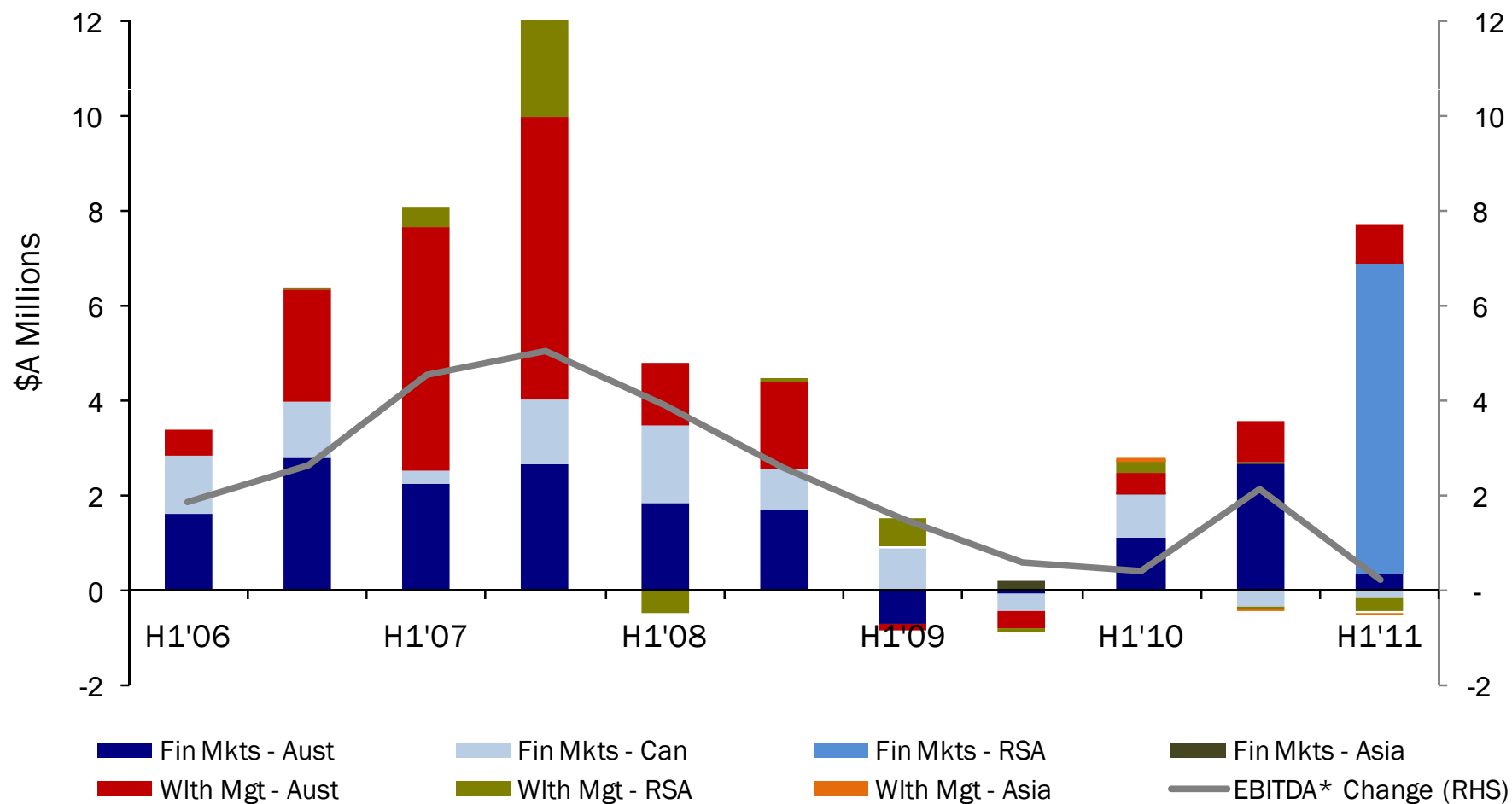
\* Excludes revenues on recoveries for services such as news, market data costs and provision of client communication networks

## Review of Group EBITDA\*



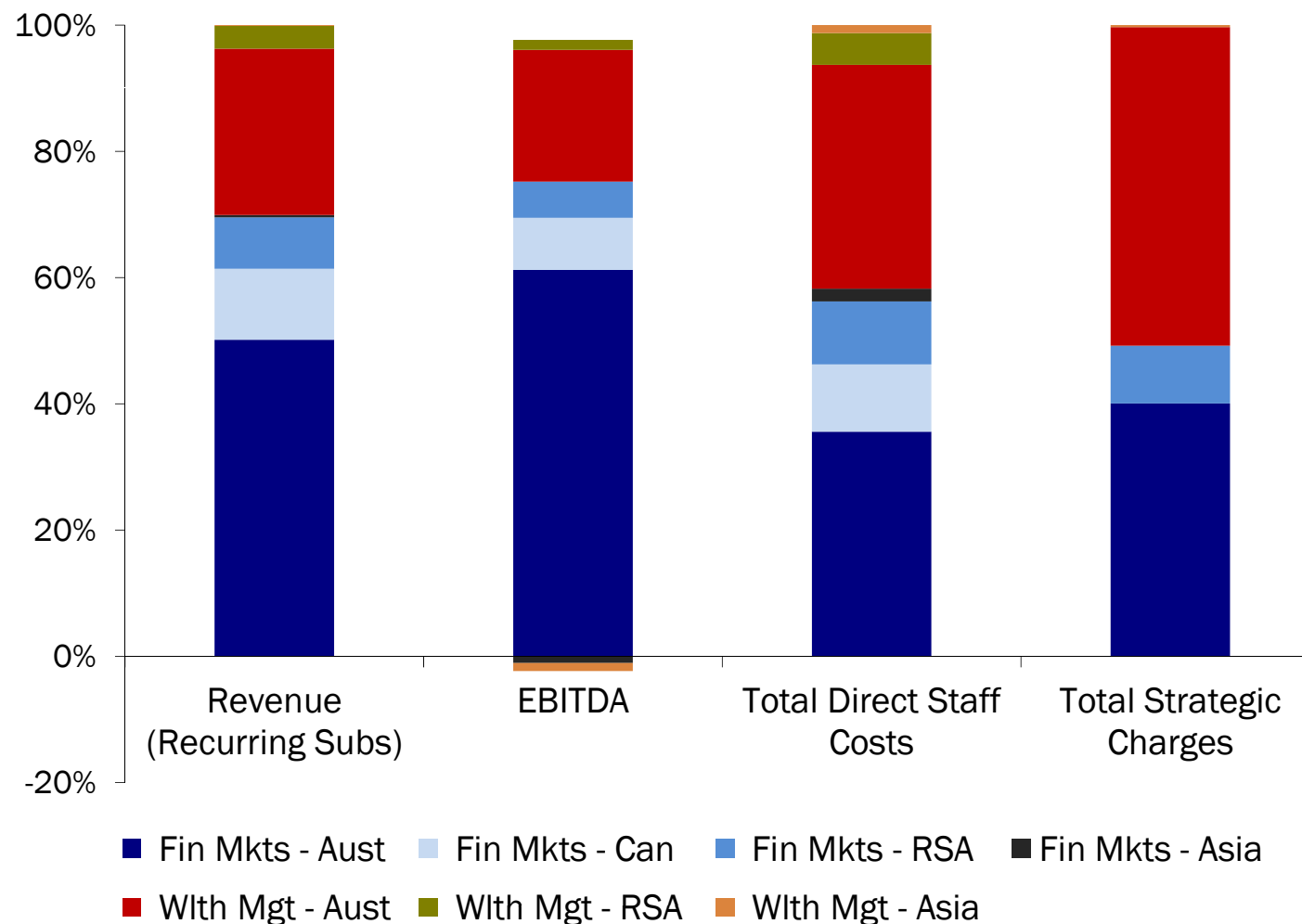
\*Defintion of EBITDA as per IRESS Media Release

## Change in Group Recurring Subscription Revenue



\* Definition of EBITDA as per IRESS Media Release

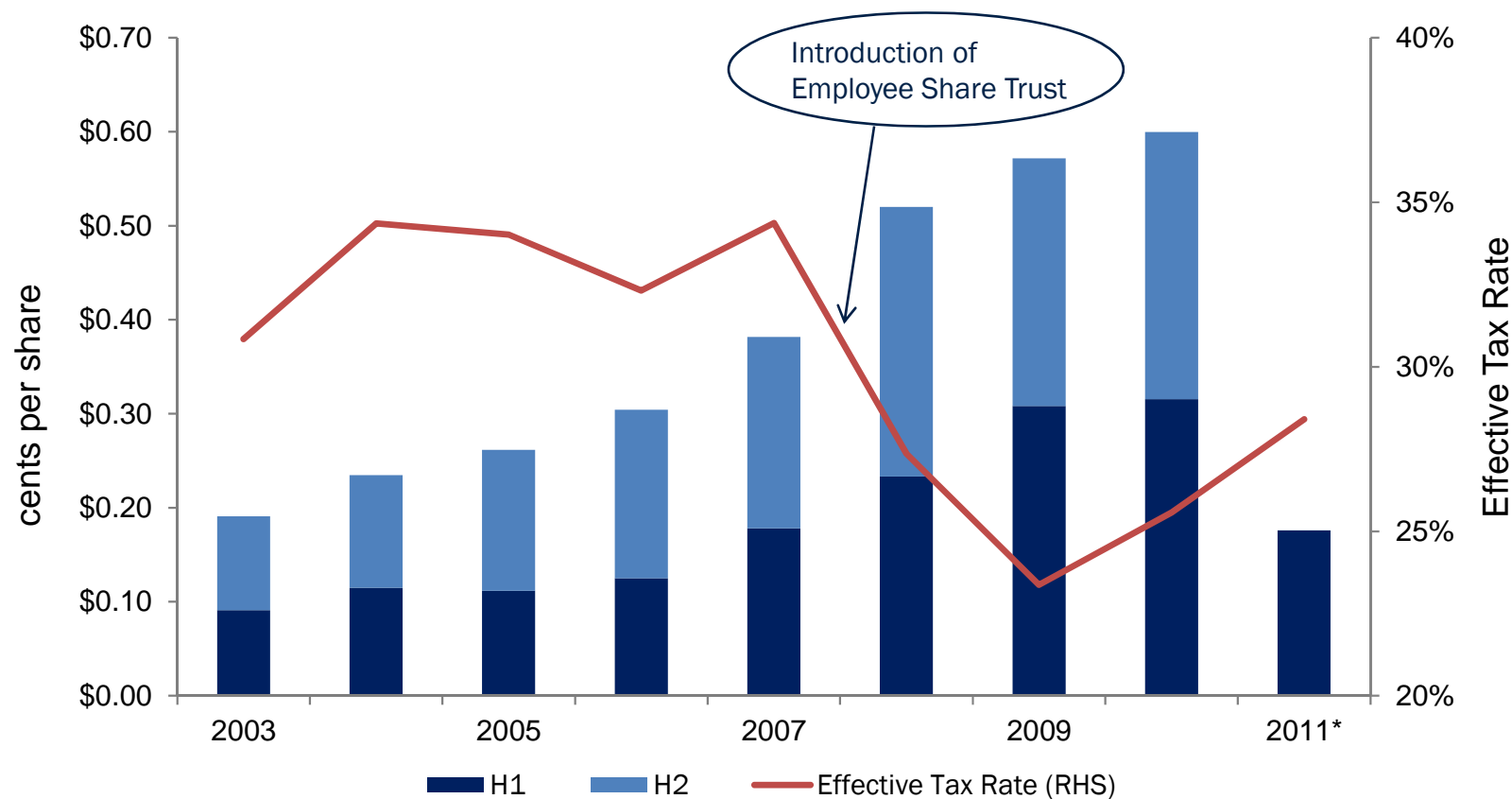
## Relative Impact H1'11



\*Defintion of EBITDA as per IRESS Media Release

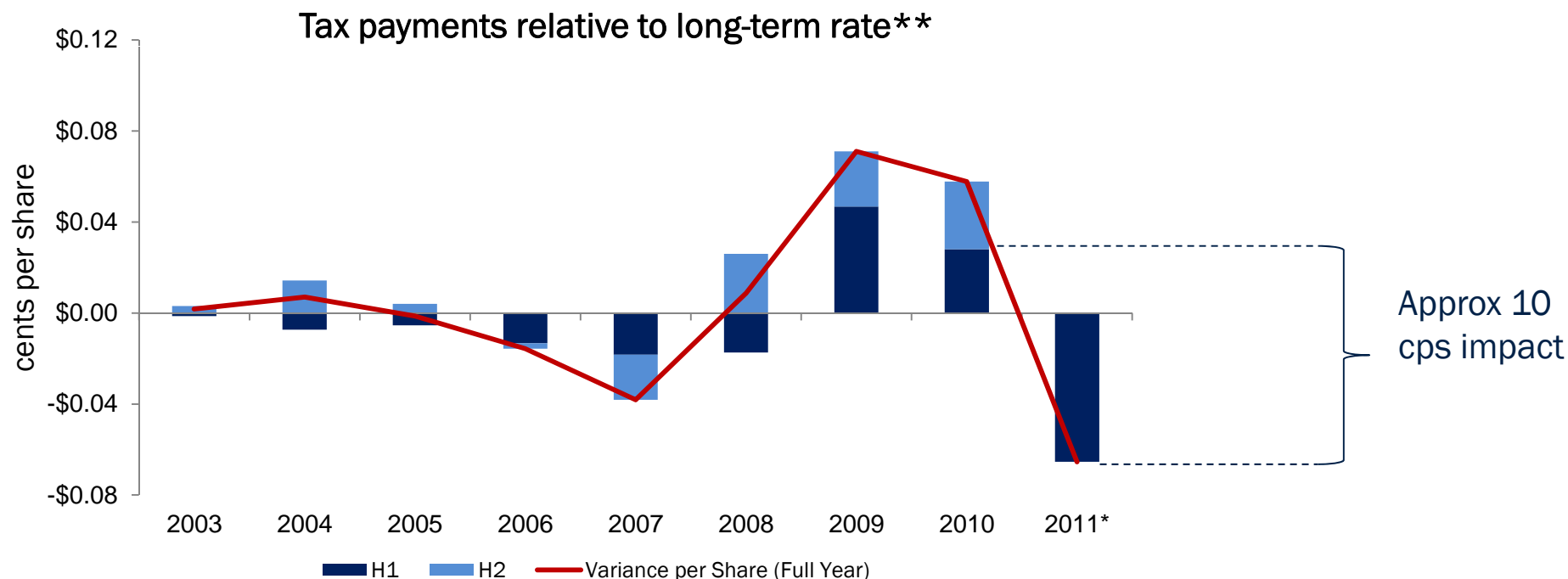
## Operating Cashflow per share\*

Cash generation from the business impacted by return to normal effective tax rate in H1'11



\* Calculated as Net Cash from Operations ÷ No shares on issue at end of period

## Deductions on Employee Share Trust impacts on cashflow per share

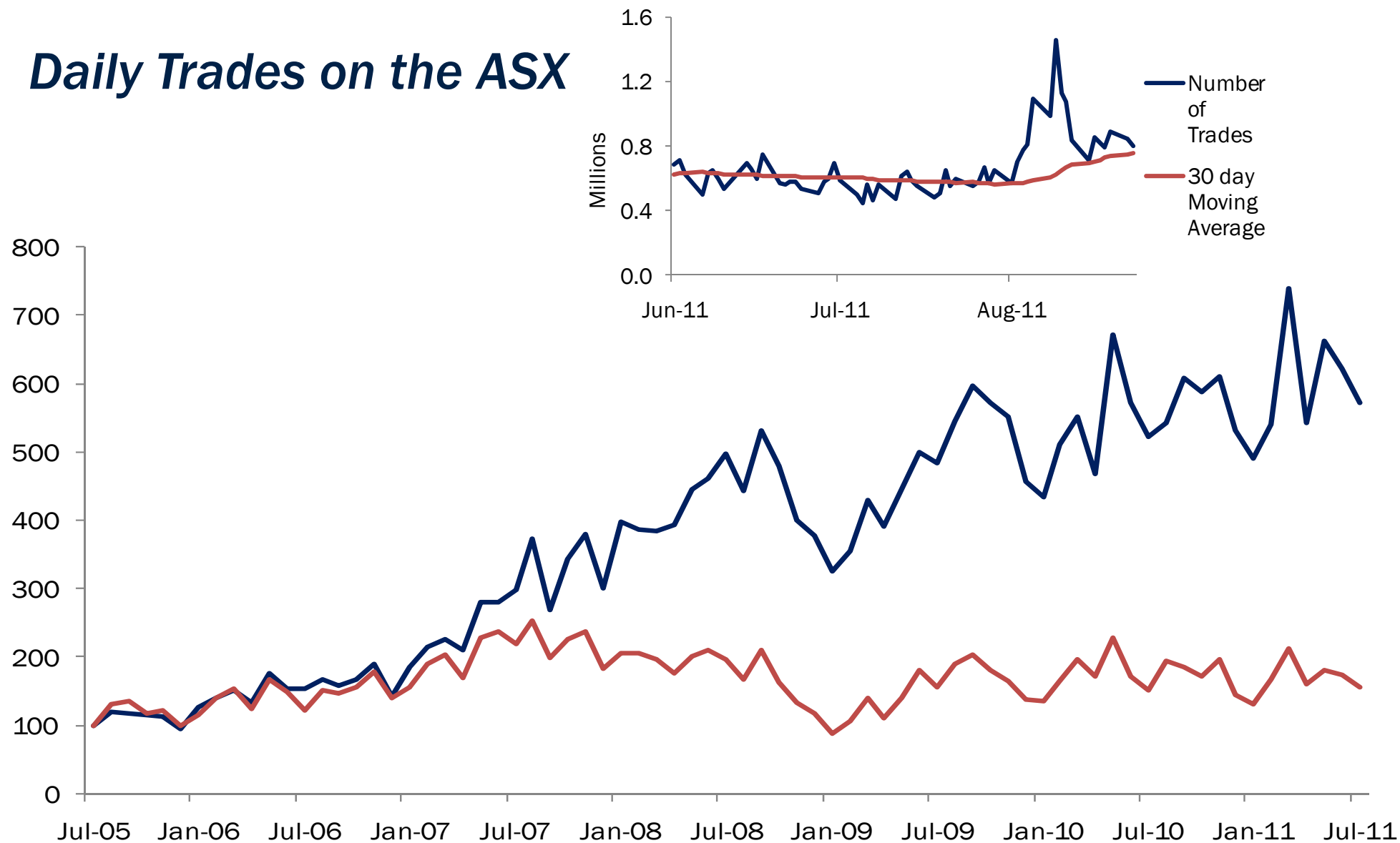


- Chart shows the impact of employee share trust, together with change of timing for cash tax deduction on share grants (as the company transitioned from performance rights to deferred shares) and lagging impact through instalments
- Anticipate return to 'normal' levels once impact washes through tax instalments.

## ***IRESS Group Outlook***

- Trading 2011
  - Flat momentum from H2 2010 with revenue growth late H1 aligning to project activity.
  - Flat aggregate experience over course of H1.
  - Material increase in demand for technology solutions and project activity. Investing in these opportunities driving headcount growth.
- Outlook
  - Confident in strategic and prospective value of projects underway and additional opportunities.
  - Cautioned by challenging market conditions and uncertainty everywhere.
  - Anticipating continued uncertainty, expect positive EBITDA growth in FY 2011 (before Asian investments).
  - Continued focus on medium-term growth opportunities.

# Daily Trades on the ASX



Up to July 2011

— Number of Trades

— Value of Trades

## ***Financial Markets – Australia & NZ***

- Reduced H1 2011 result from flatter momentum and increased operating costs:
  - Revenue increased 0.6% on H2 2010 (up 6.2% pcp)
  - EBITDA decreased 5.9% on H2 2010 (down 0.5% pcp)
- Net revenue growth softer in early H1 2011:
  - Growth in late H1 aligning to project activity, but few data points.
  - Server-based revenue primary contributor, followed by screen growth.
- Heavily investing in headcount, supporting large-scale transition and opportunities across client base.

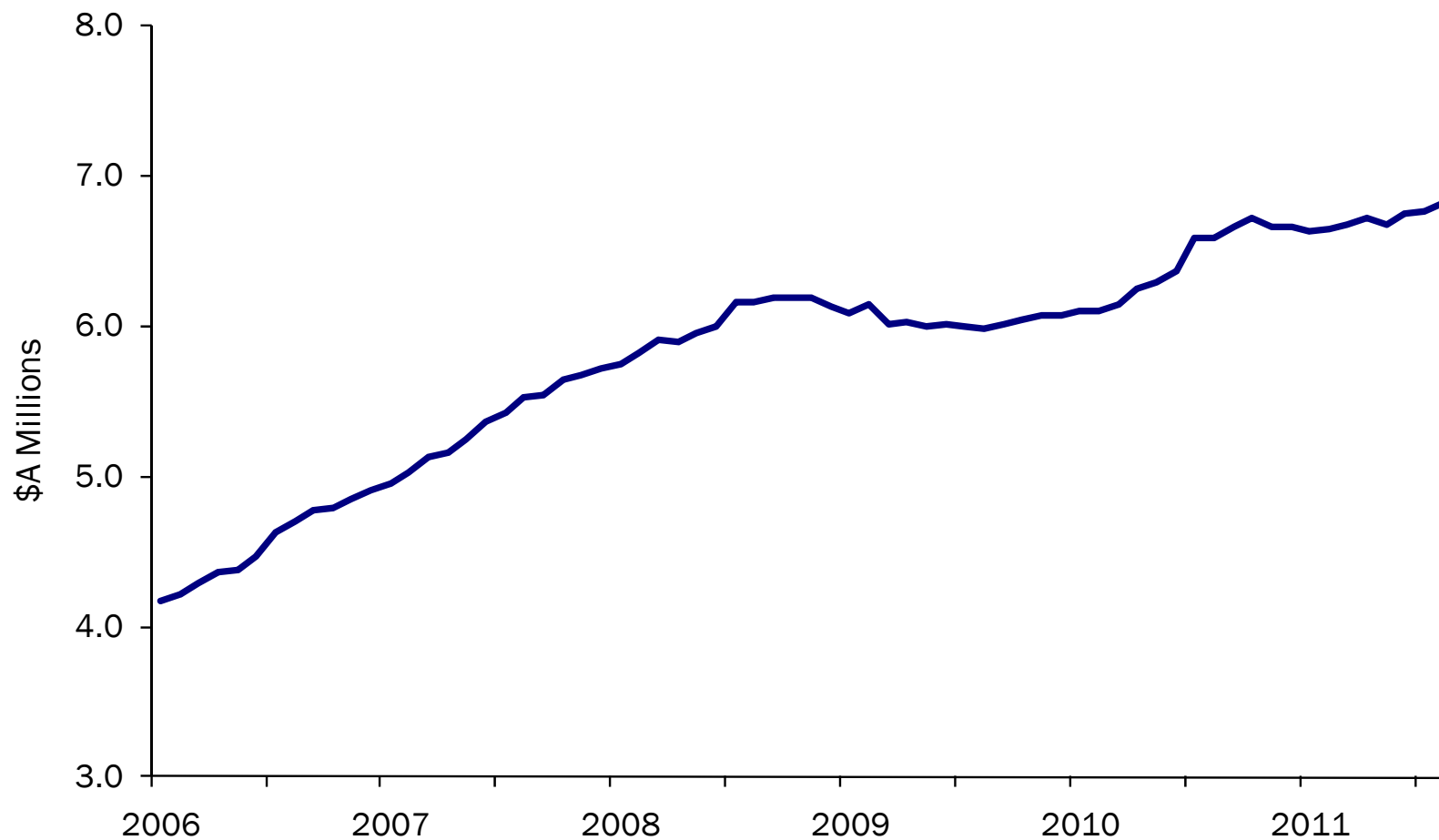
## ***Financial Markets – H1'11***

- IOS+ key product for integrated trading environment to multiple destinations
  - Institutional clients leading charge with clients at various stages.
  - IOS+ 5.09 in production with Tier1 broker, in bridged configuration.
  - Crossing engine and internalisation product (Liquidity Pool) now in production.
  - OTW + BMR in production for key clients to deliver smart routing to ASX Centrepoint.
- ION ultra low-latency IRESS Optical Network rollout progressing well.
  - Superior technical and commercial offering
  - 7 of top 10 brokers leveraging ION for multi-market connectivity
- IPS continues to perform with recent wins in private client/bank space sectors.

## ***Financial Markets – Multi-market transition***

- Multi-markets
  - Chi-X – conformance complete. Anticipating October market launch.
  - ASX PureMatch –conformance process next week. Launch post Chi-X.
- IRESS product range ready and in active take-up:
  - Multi-market IRESS products released in alpha and client acceptance and integration underway. Final versions available end of August.
  - IRESS – view consolidated and fragmented market data. Source of best-bid-offer.
  - IOS+ - seamless trading interface to multiple destinations, including dark venues.
  - OTW – exchange-independent multi-market trading terminal replacing ITS
  - LP/auto-cross – automated crossing engine with all at-risk destinations
  - BMR – smart order router that independently controls flow and manages best-ex
  - ION – ultra low-latency access to market data and venues
  - Market Feed – normalised low-latency pricing feed
  - Best-ex Reporting – independent best-execution reporting service
- A more complicated trading environment, but transition for participants on IRESS is simplified.

## Financial Markets – Monthly Subscription Revenue



Up to August 2011

## *Financial Markets - Outlook*

- 2011 outlook:
  - Revenue growth end H1/early H2 aligning to project activity, but few data points.
  - Continued unprecedented level of client/project activity demands delivery focus.
  - Expect continuation of uncertainty and macro climate conditions, and retain cautious position.
  - Assuming current conditions persist and activity levels remain heightened, anticipate flat EBITDA in H2 2011 relative to H1.
- Medium term revenue outcomes highly dependent on broader industry conditions and micro-structure transition.

## Canada - Overview

- Re-emerging result following flat prior half.
  - Revenue (CAD) increased 7.0% on H2 2010 (up 7.1% on pcp)
  - EBITDA (CAD) increased 5.7% on H2 2010 (up 5.1% on pcp)
- Completion of several positive initiatives subdued by macro environment:
  - Positive product successes and client rollouts.
  - Low volumes and moving regulatory landscape continue to drive uncertainty and focus on costs as client businesses pressured.
  - Opportunities for client cost savings through our solution set and leadership are positive.
- Completion of a number of client initiatives provide confident base for future growth.

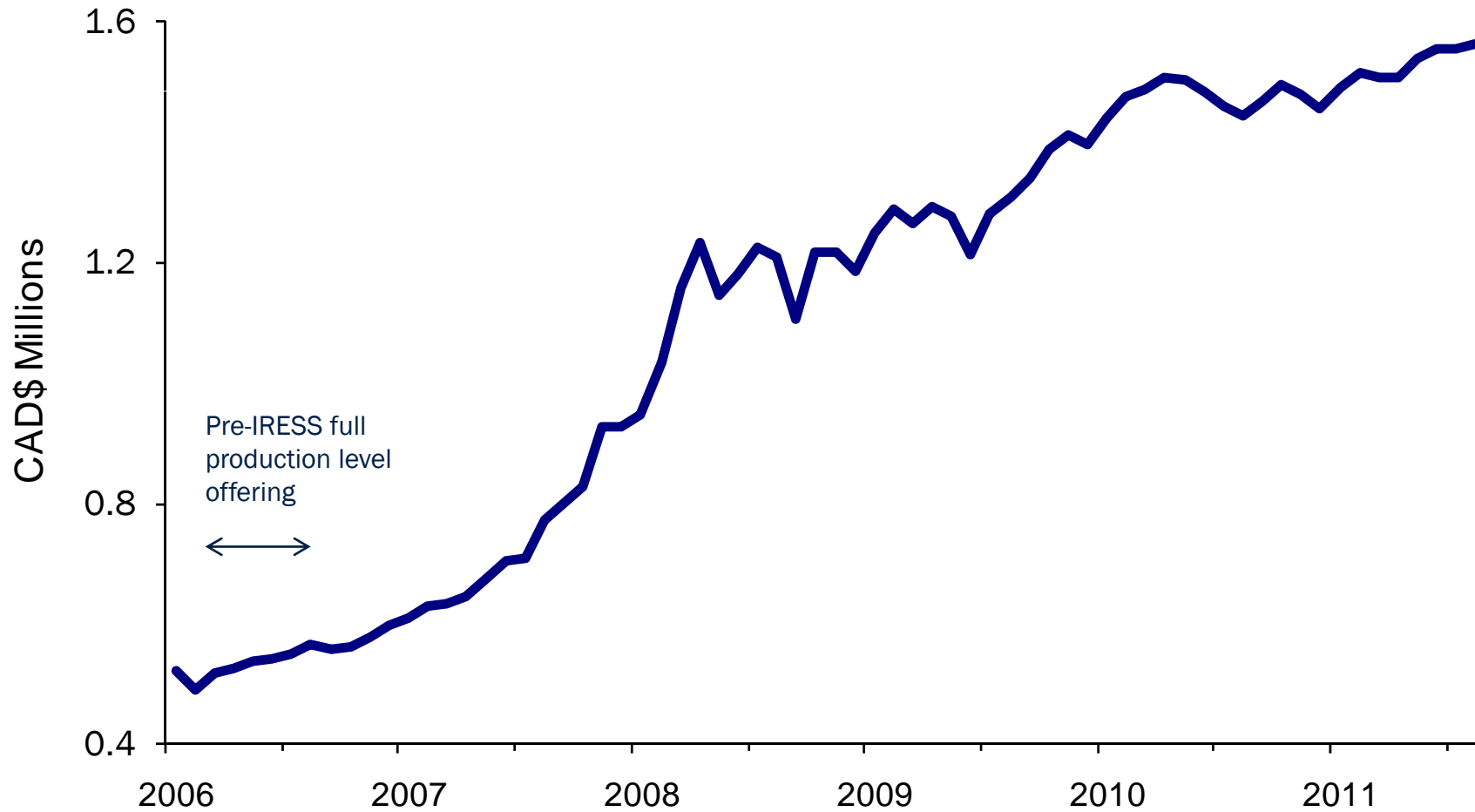
## Canada – 2011

- Institutional order management project
  - Rollout complete at large bank-owned dealer.
  - A second bank-owned dealer is scheduled to begin rollout later this year.
  - Other small and mid-sized firms beginning rollouts.
- Multi-market dynamics continue to drive demand for technology, capability and capacity.
  - Message rates continue to find new historic levels
  - IRESS infrastructure performed extremely well during record transaction Aug volumes.
  - TSX now operate an ATS to compete with rivals.
  - Additional dark venues operating in Canada, in addition to on-exchange dark order types.
  - The IRESS jitney solution now in production.
- IRESS Best Market Router continues to demonstrate necessary adaption
  - BMR enhanced to extend flexible routing options to seek dark liquidity
  - Additional performance enhancements included in the recent BMR release

## Canada – 2011

- Buyside IOS+ extended with new features supporting rich sell-side integration while maintaining position of independent multi-broker EMS.
- Implementation of IRESS Optical Network (ION) in Canada now underway.
- Market data
  - Rollout of further enhancements to Canadian consolidated market data commands.
  - Introduction of Liquidity View tool to further enhance traders ability to navigate fragmented markets.
  - Market Data desktop opportunities opening and actively being pursued in both Retail and Institutional segments.
- Extending IOS+ reach in retail segment
  - All development complete for delivery of order entry terminals into retail bank branch network. Rollout to begin in September.
- IRESS Trader (webIRESS)
  - IRESS Trader discussions continue to progress with positive feedback.
  - Seed client expected in Q4.

## Canada – Monthly Subscription Revenue\*



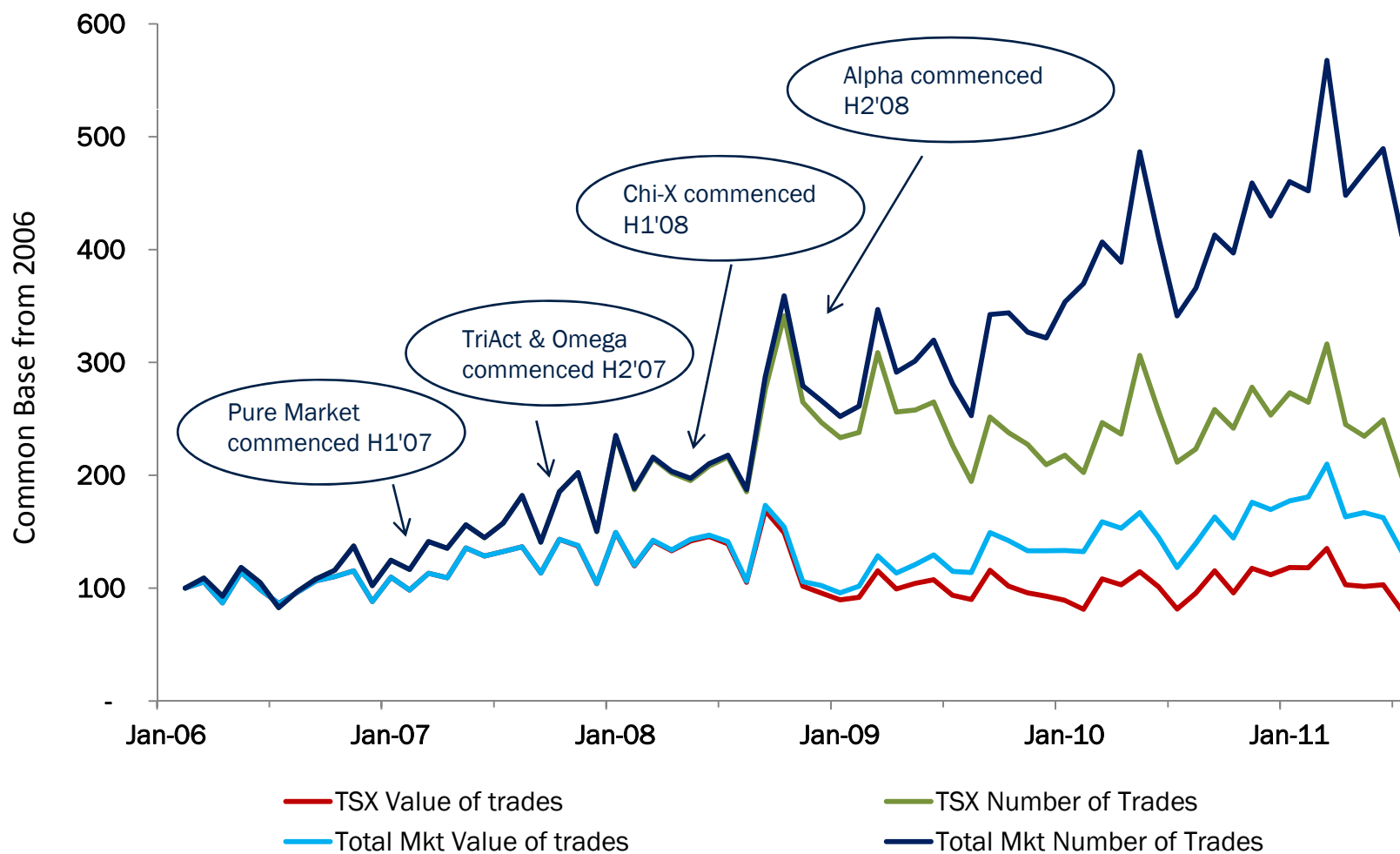
\*Assumes 100% ownership

Up to August 2011

## Canada - Outlook

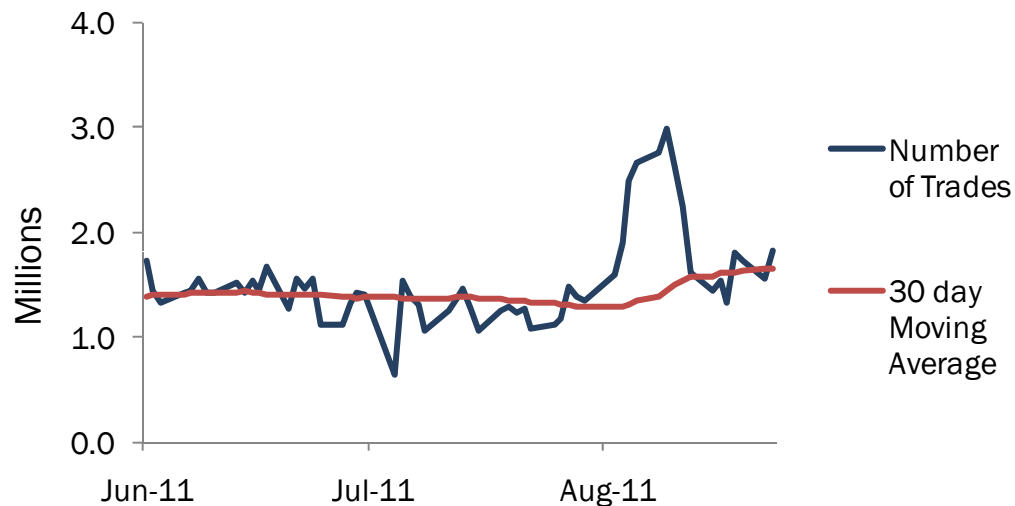
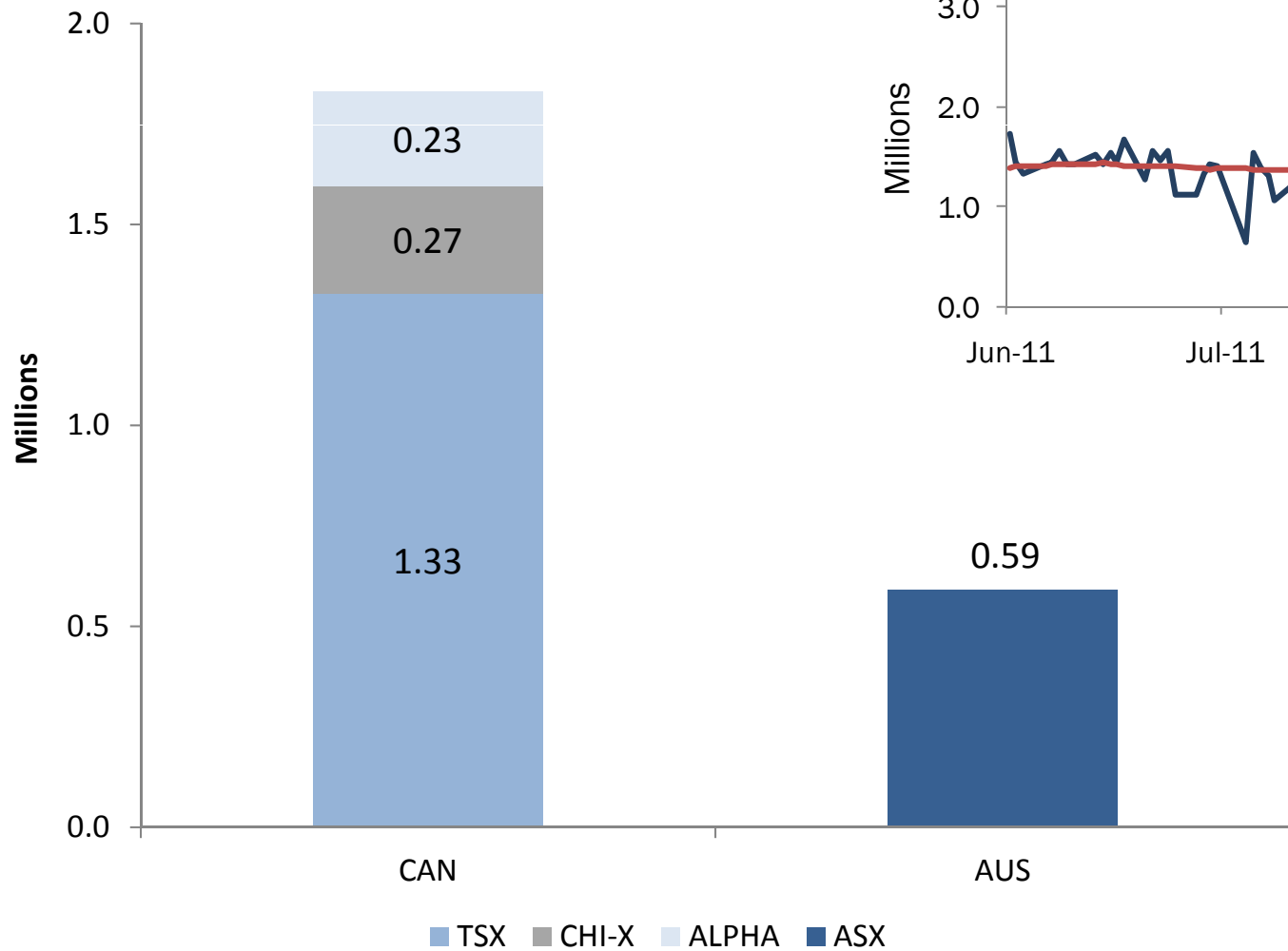
- 2011 outlook
  - Trading has commenced in H2 flat compared with H1, in line with market conditions.
  - A number of client projects completing and starting rollout phase.
  - The business continues to target positive EBITDA growth in 2011.
- Environment brings many challenges and numerous opportunities. We will look to fund the right opportunities that bring forward additional growth.

# Daily trades in Canada\*



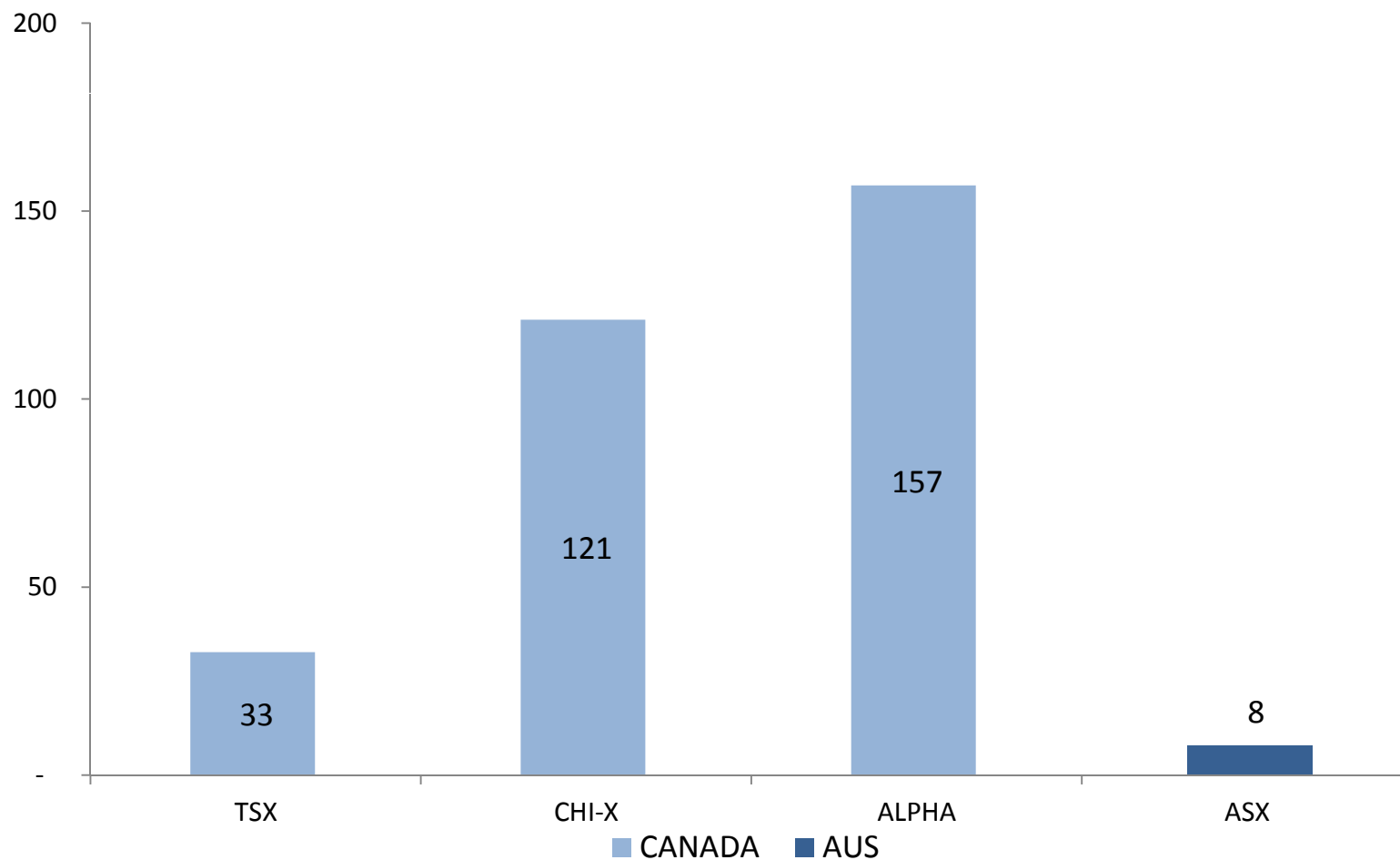
\*Common Base calculation has zero impact for initial start phase of new markets

# Average Daily Trades



Measured over 8 weeks to 28 July 2011

## Comparative Message Rates (per trade per destination)



Measured over 8 weeks to 28 July 2011

## ***Financial Markets – Asia***

- Investment in Asia continues to progress well:
  - Local team building as operational activity increases.
  - First of a number of phases in delivery with major Singaporean bank.
  - IOS+ supporting international execution for online CFD platform now live.
  - Engagement with prospective clients growing regionally, with growing demand in Malaysia with engaged seed client project .
- A number of client and product projects underway:
  - Market data supporting international trading platform in region. Anticipate opportunities for professional desktop market alongside trading.
  - Additional asset classes for existing trading clients including FX and futures market making.
  - Mobile and tablet products underway.
- Costs continue to be carefully managed ahead of revenue in accordance with self-constrained net loss limit.
- Open to acquisitions in the region.

## ***Financial Markets – South Africa***

- Steady growth in users and sites offset by lower than expected volume-based revenue
  - Order routing message rates reduced in line with lower volumes, and fewer trading days
  - OTC revenue share also impacted by volumes and secular change away from single-stock futures to CFDs
  - 3 new entrants sell-sides offsetting impact of some local consolidation
- Focus of 2011 has been early merger integration efforts and establishment of IRESS products for RSA.
  - IRESS retail trading & EMS products now in production - well received against competitive offerings.
  - IRESS market data localisation underway.
  - New IRESS SAFEX derivative gateway will provide new features and competitive advantage.
- Peresys technology initiatives continue to progress well
  - Hermes OMS continues dominance as locally relevant OMS
  - New SLAMS version in rollout with range of competitive features
  - perFIX based prime broking solution with order routing solution for Nigeria
- FIX order routing hub remains bedrock of institutional offerings, looking to leverage its footprint even further, by geography and asset class.

## ***Financial Markets – South Africa***

- Portfolio/Wealth Management
  - JSE migration of backoffice now rescheduled to 2012.
  - Delay creates further opportunity for IPS/XPLAN in private client and institutional space ahead of backoffice migration.
  - Currently implementing system integration and pilots for a number of interested clients.
- Trading architecture evolving, creating new opportunities
  - JSE trading engine relocating and changing technology 2012
  - Increase in requirements for bandwidth expected to influence centralisation of trading architecture incl co-location, and network demands.
  - Unique role to centralise and ASP solutions in RSA.
  - Assessment of ION applicability in RSA also underway.

## ***Financial Markets – South Africa – Outlook***

- 2011 outlook
  - Effort to localise and implement IRESS product suite and seek aligned technology opportunities remains the focus of 2011, establishing a platform for future growth.
  - Trading in the second half commenced inline with average of the prior half.
  - While conditions remain no less challenging than other parts of the world, short-medium term opportunities should lead to an expectation of solid EBITDA (ZAR) growth in the second half.

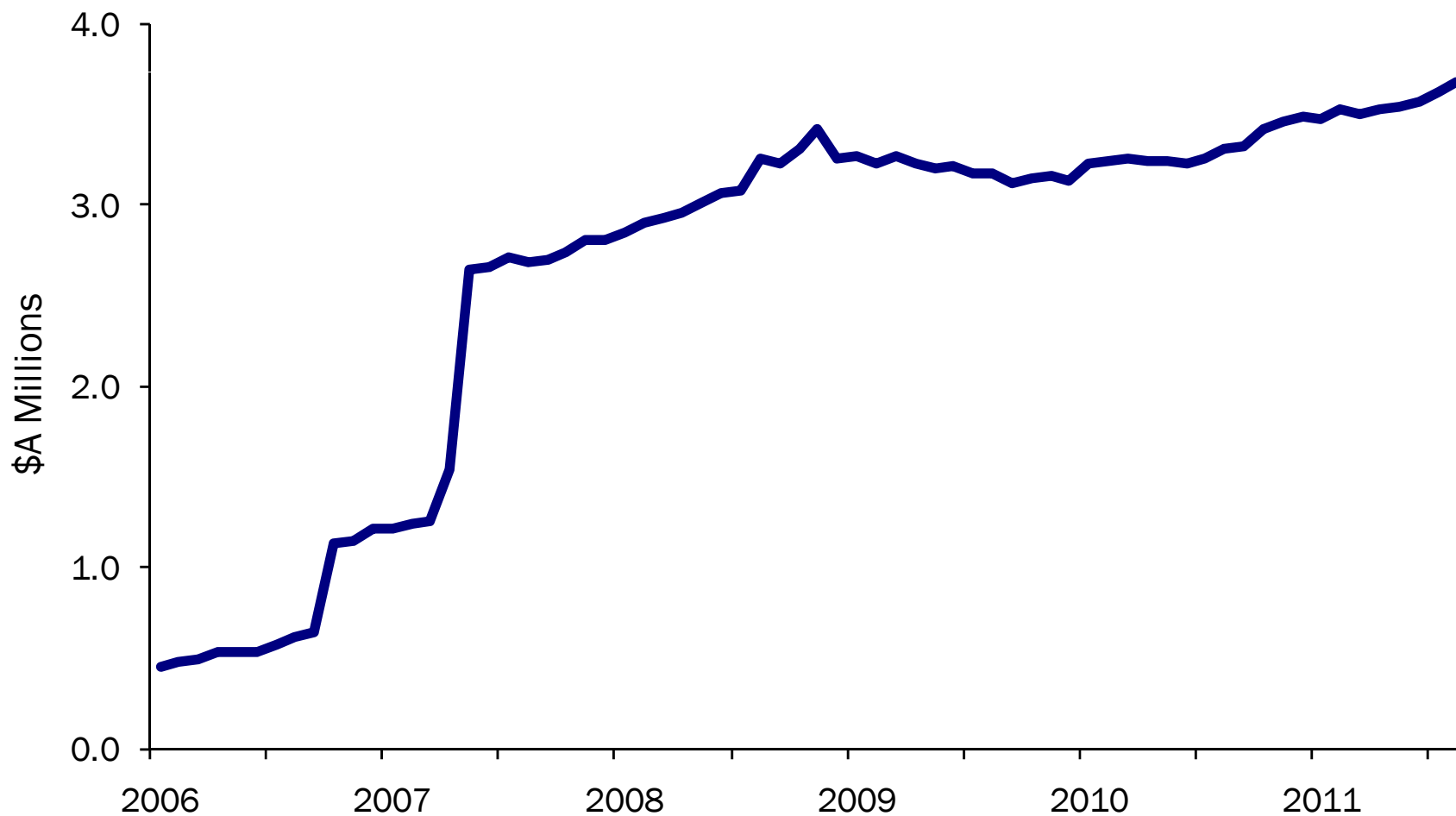
## *Wealth Management – Australia & NZ*

- Resilient result
  - Revenue increased 5.3% on H2 2010 (up 11.1% on pcp)
  - EBITDA increased 1.1% on H2 2010 (up 7.6% on pcp)
  - Positive momentum from new and organic opportunities in the first half.
  - New clients incorporating strong emphasis on combined Wealth Management and Financial Markets offering addressing private client/bank opportunities.
  - Despite prolonged regulatory uncertainty, technology demand is driven by efficiency targets, cost savings, compliance and advice enablement capability.
  - Single integrated solution from stable independent vendor a requirement to meet multi-channelled client demands.

## **Wealth Management - H1 11**

- XPLAN 2.0 released and well received for design and user-experience. In production with numerous clients and increasing demand to upgrade.
- Numerous institutional XPLAN implementations underway with clients repositioning and seeking productivity enhancements.
- Private bank solution integrating XPLAN/IPS/IOS proving successful.
- Remaining VisiPlan clients actively engaged on upgrade to XPLAN.
- Industry surveys continue to rate XPLAN as the most widely used financial planning software tool, offering the most functionality and the greatest breadth.
- Regulatory reform driving business solutions via technology enablement
- Scalable advice interest as licensees prepare for FoFA. Many opportunities and initiatives underway:
  - Cost management: Adviser/client centric opt-in.
  - Efficiency: timely advice production and transactional advice implementations.
  - Process driven advice tools: XPLAN Engage
  - Engagement: Client self-led analysis and education tools, with tight integration with advice/referral workflow
  - Managing scale: accessing C&D clients efficiently

## Wealth Management – Aust & NZ Mthly Subscription Rev



Up to August 2011

## *Wealth Management Outlook*

- Australia & New Zealand
  - Positive momentum from previous half will flow through to 2011 results.
  - These conditions with known revenue opportunities, combined with the delivery costs associated with large project delivery and the annualisation of additional staff from Count, we anticipate a similar level of EBITDA in the second half.
  - We remain mindful of the significant change and uncertainty in the sector coming from prolonged regulatory uncertainty, consolidation and market volatility.

## Wealth Management - South Africa

- Revenue down 8.0% and EBITDA down 41.4 % on H2 2010 respectively (ZAR)
- Overview
  - XPLAN 2.0 in production at major client over the half, and rolling out to other existing clients.
  - Established implementations seeking broader XPLAN modules including IPS and CommPay.
  - Ongoing active engagement with clients regarding XPLAN opportunities.
  - Technology and efficiency themes similar to other regions.
  - Regulation and education criteria having some impact on industry dynamics.
  - Automated compliance framework complete and in production at major advice network to systematise advice approval and audit.
- Outlook
  - Opportunities to expand, with margin improvement anticipated over medium term.
  - While small in group terms, revenue losses will generate material EBITDA decline for FY 2011 on FY 2010. Anticipate FY 2011 revenues at under 2009 levels.

## *Wealth Management – Asia*

- Investment in Asia continues to progress well:
  - Local team building as operational activity increases.
  - Business development boosted and regional awareness growing.
  - Hong Kong Advice network live on XPLAN, with IRESSnet integration providing differentiation and advantage.
  - Regional deployments of CommPay demonstrating key selling points.
  - A number of XPLAN projects underway, where integration and data aggregation via IRESSnet are key to success.
- Other key points:
  - Engagement with prospective clients growing regionally, with opportunities for core products XPLAN and XLITE.
  - XLITE with regional capability now in rollout phase accessing an important user segment.
- Costs continue to be carefully managed ahead of revenue in accordance with self-constrained net loss limit.

## *Wealth Management – UK initiative*

- Medium term growth initiative:
  - Interest in exposure to UK market, subject to our long-standing risk profile.
  - Ongoing assessment of advice market and opportunity for IRESS solution set.
  - Increased consulting effort over last 12 months in assessing advice technology and practice management capability needs post RDR.
  - Encouraged by feedback from demonstrations and workshops.
  - Core requirements progressing including some 3<sup>rd</sup> party integrations.
- Next steps:
  - Continued engagement with prospective seed clients, and software localisation.
  - Establish seed client partnership, or suitable acquisition to initiate UK business.

## AUSTRALIA

## ASIA

## CANADA

## NEW ZEALAND

## SOUTH AFRICA

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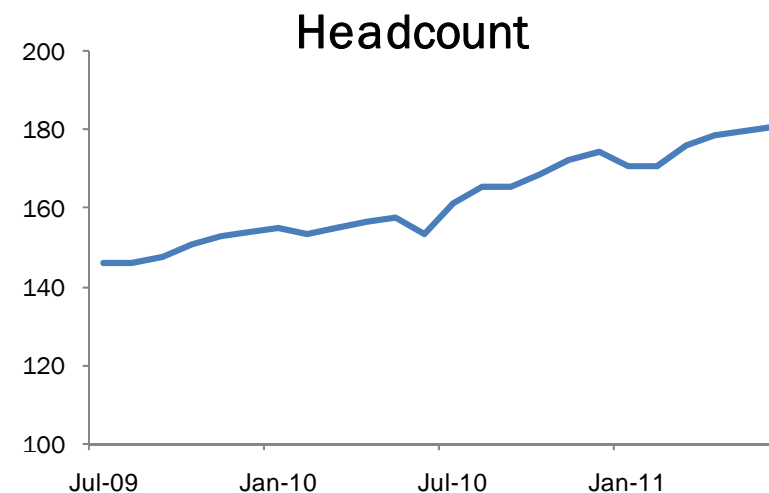
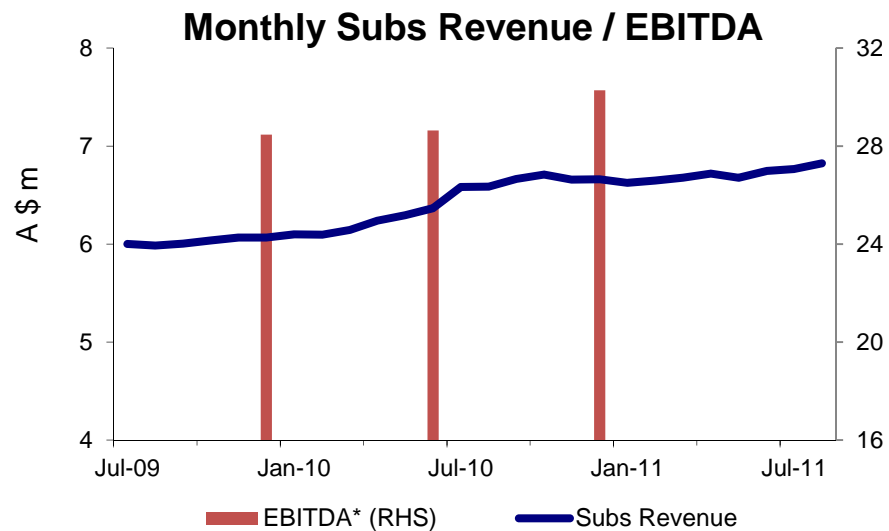
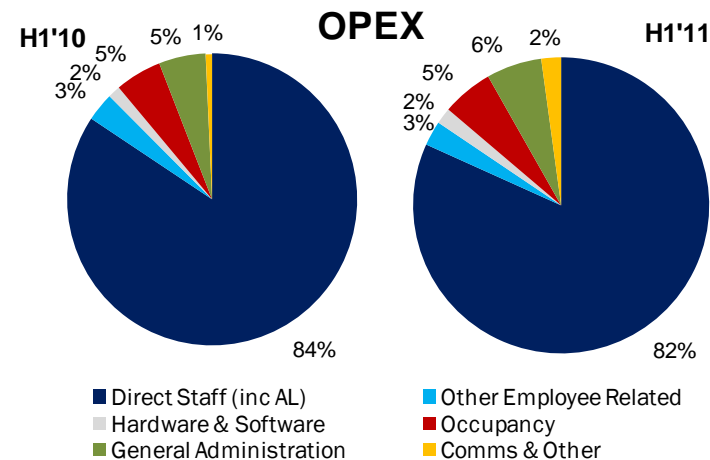
# *Supplementary Information:*

- Divisional dashboards
- Strategic charges
- Tax expense & franking
- Share grants



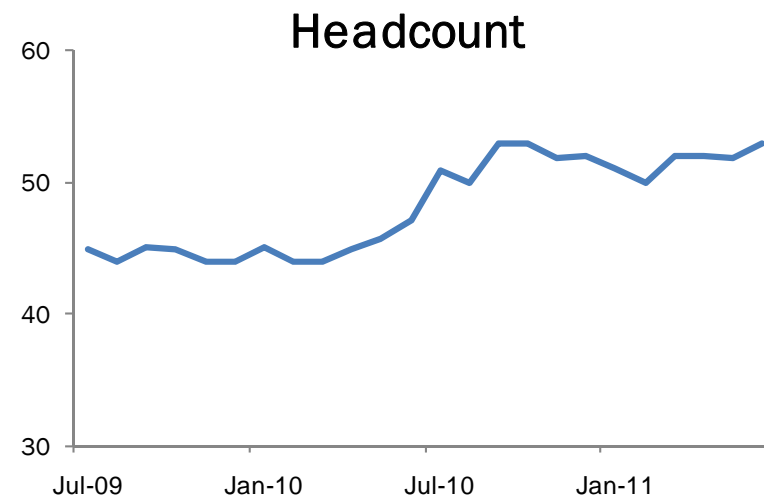
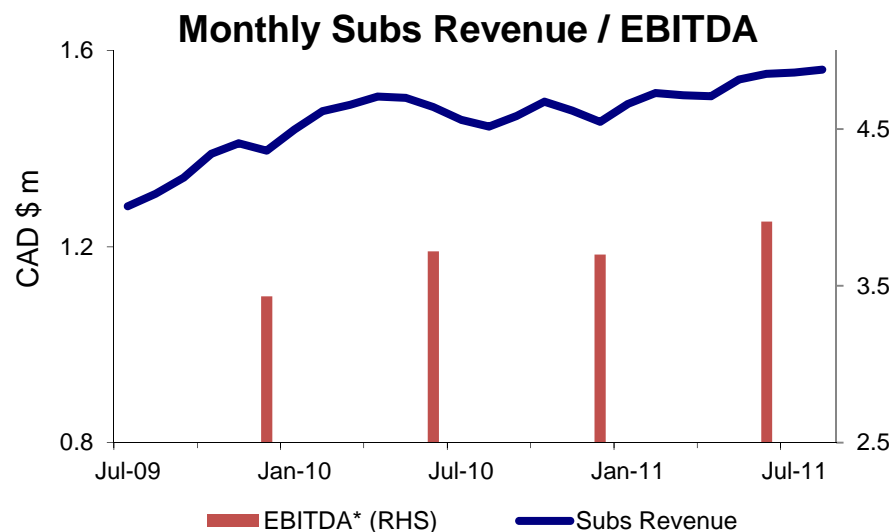
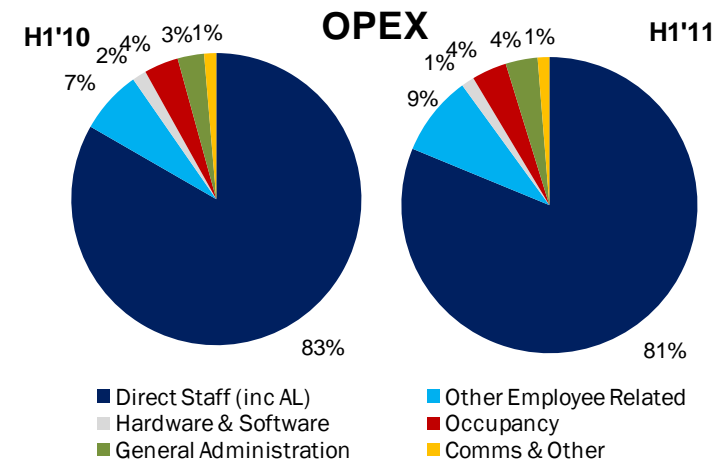
## Financial Markets - Australia

	H1 2010	H1 2011	%Chg LC
	(A\$'000)	(A\$'000)	
Operating Revenue	50,847	54,008	6%
EBITDA*	28,628	28,479	-1%
PAT*	20,095	19,532	-3%
Non Recurring Exp	119	(631)	
Avg Headcount FTE	155.1	176.1	14%



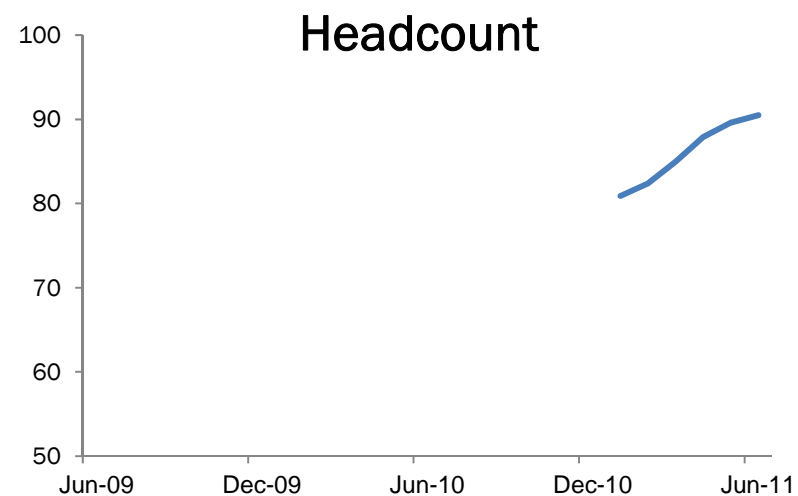
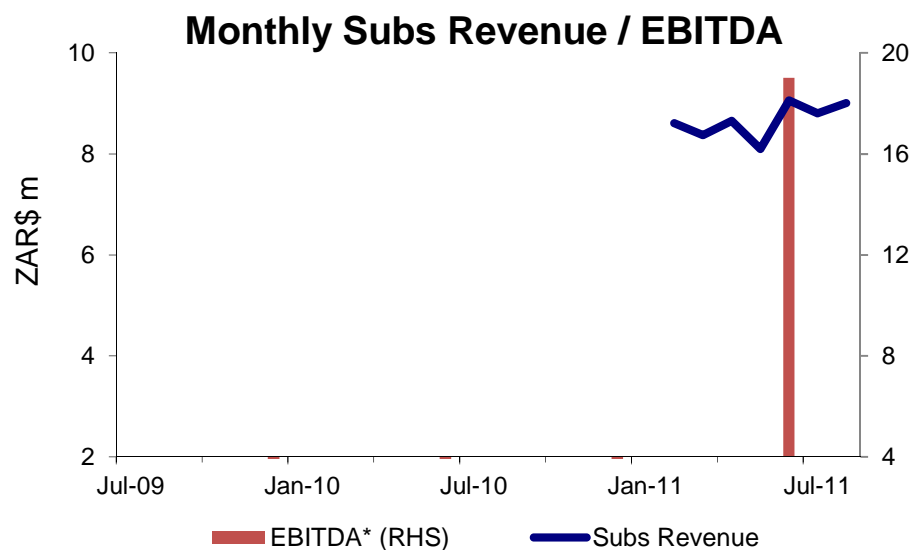
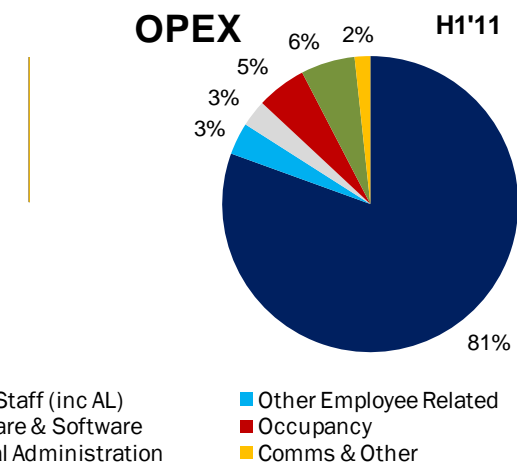
# Financial Markets - Canada

	H1 2010		H1 2011		%Chg LC
	(CAD\$'000)	(A\$'000)	(CAD\$'000)	(A\$'000)	
Operating Revenue	11,086	11,910	11,878	11,719	7%
EBITDA*	3,721	3,980	3,911	3,856	5%
PAT*	2,371	2,536	2,530	2,495	7%
Non Recurring Exp	8	9	30	30	
Avg Headcount FTE	45.1		51.6		14%



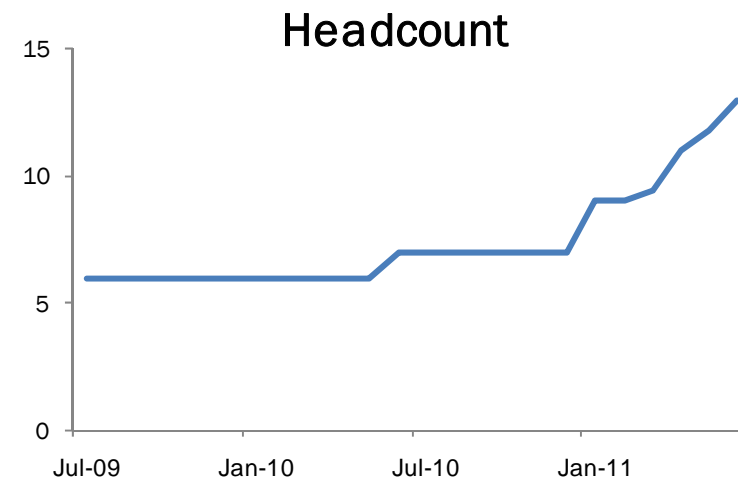
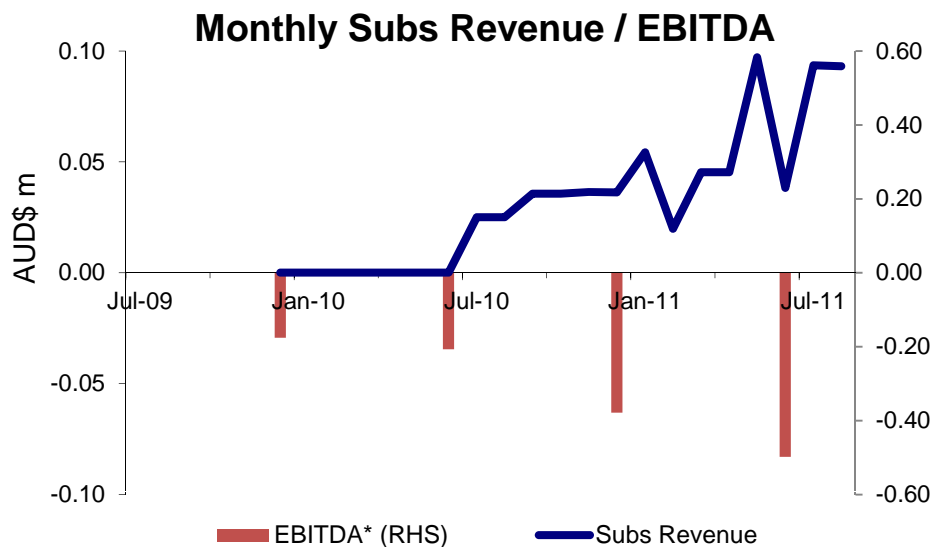
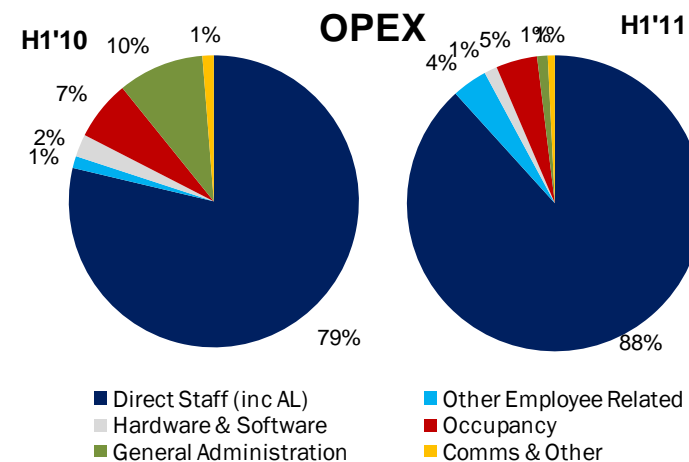
# Financial Markets - RSA

	H1 2010		H1 2011		%Chg LC
	(ZAR\$'000)	(A\$'000)	(ZAR\$'000)	(A\$'000)	
Operating Revenue	0	0	51,819	7,281	
EBITDA*	0	0	19,010	2,674	
PAT*	0	0	12,923	1,818	
Non Recurring Exp	0	0	113	16	
Avg Headcount FTE	-	-	86.1	-	



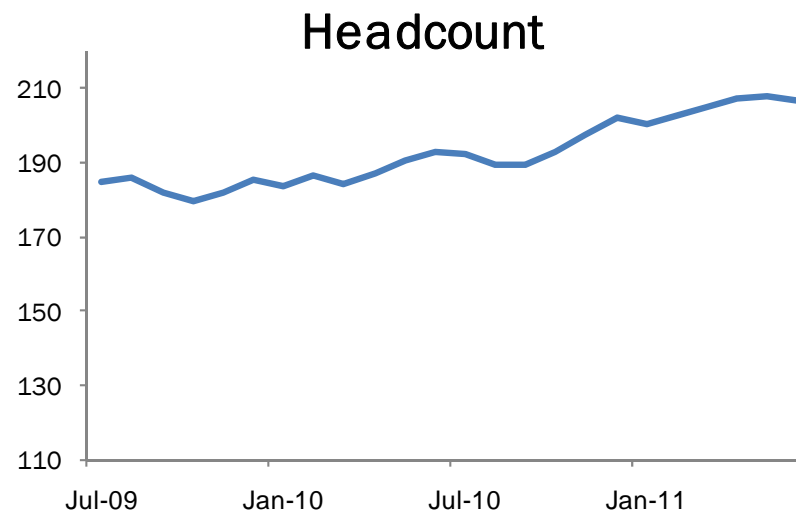
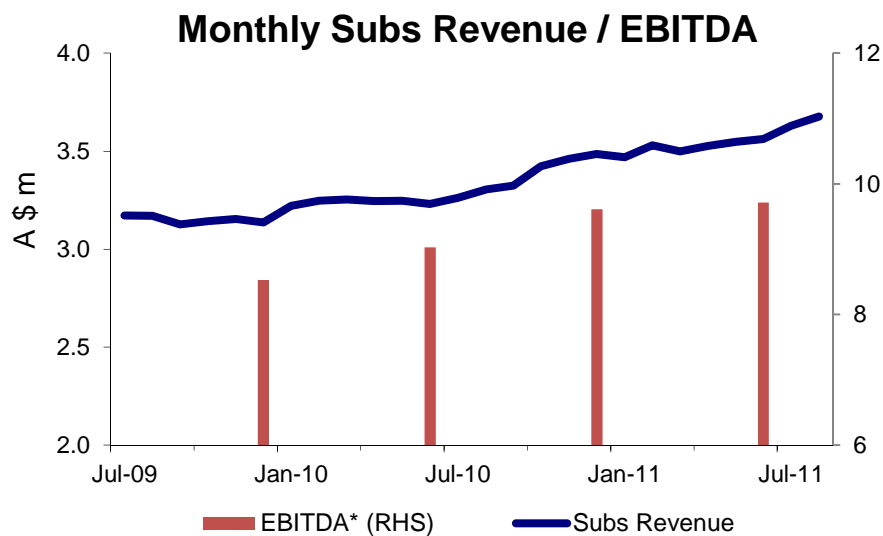
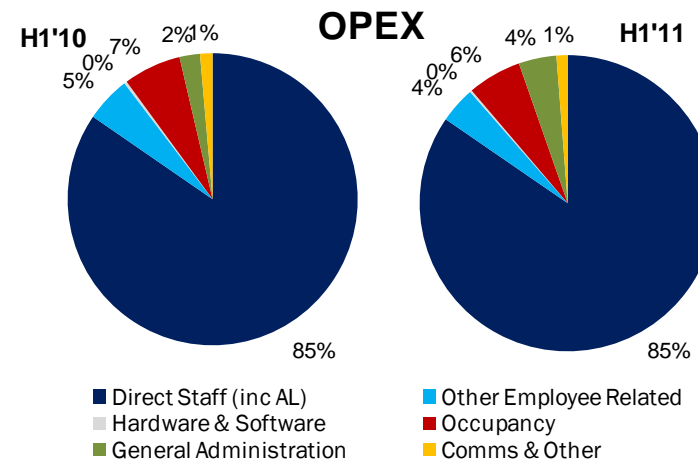
## Financial Markets - Asia

	H1 2010	H1 2011	%Chg LC
	(A\$'000)	(A\$'000)	
Operating Revenue	235	517	120%
EBITDA*	(207)	(498)	141%
PAT*	(209)	(423)	102%
Non Recurring Exp	(135)	139	
Avg Headcount FTE	6.2	10.5	71%



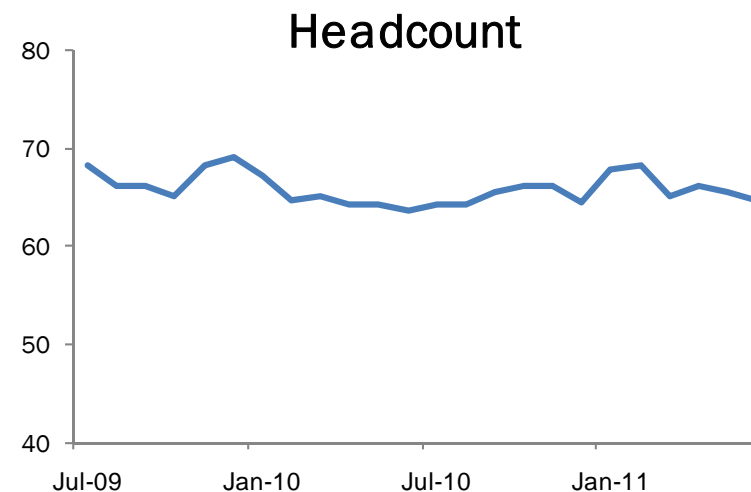
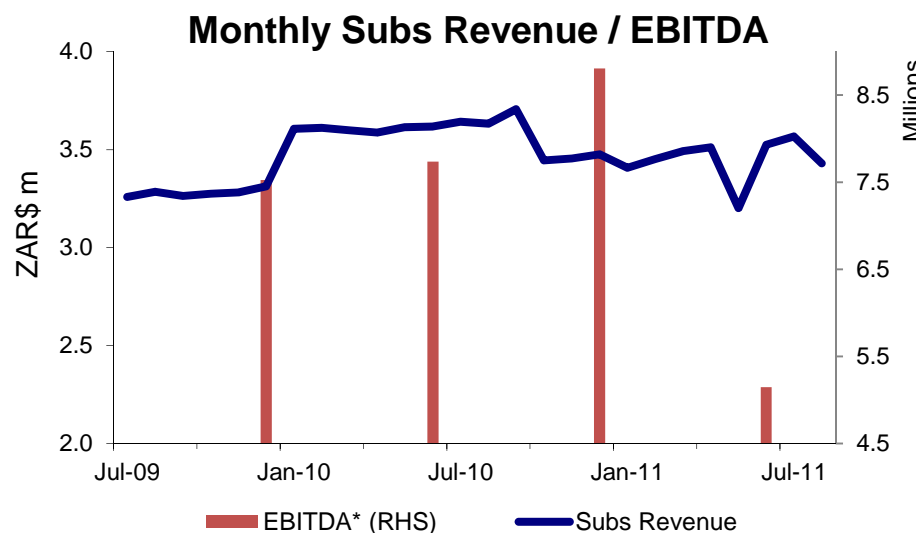
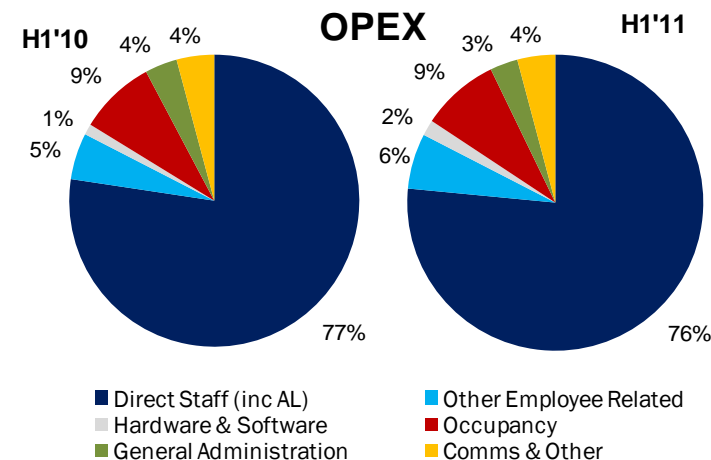
# Wealth Management - Australia

	H1 2010	H1 2011	%Chg LC
	(A\$'000)	(A\$'000)	
Operating Revenue	21,308	23,672	11%
EBITDA*	9,027	9,714	8%
PAT*	5,381	6,330	18%
Non Recurring Exp	(3)	82	
Avg Headcount FTE	187.6	205.1	9%



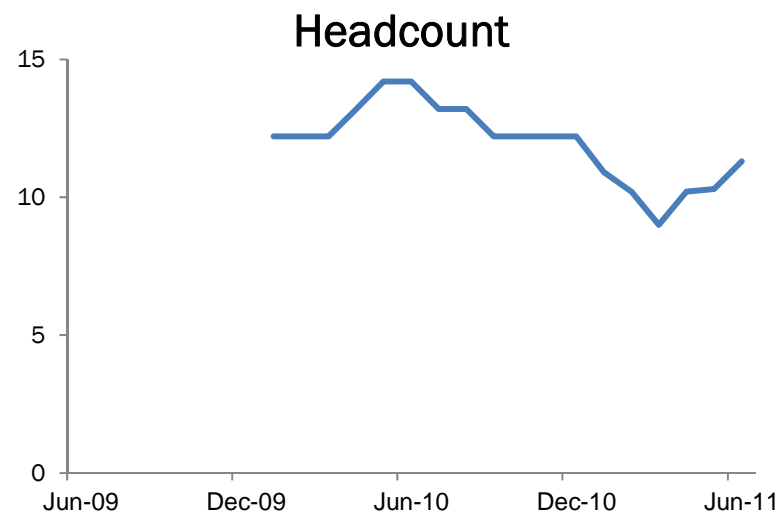
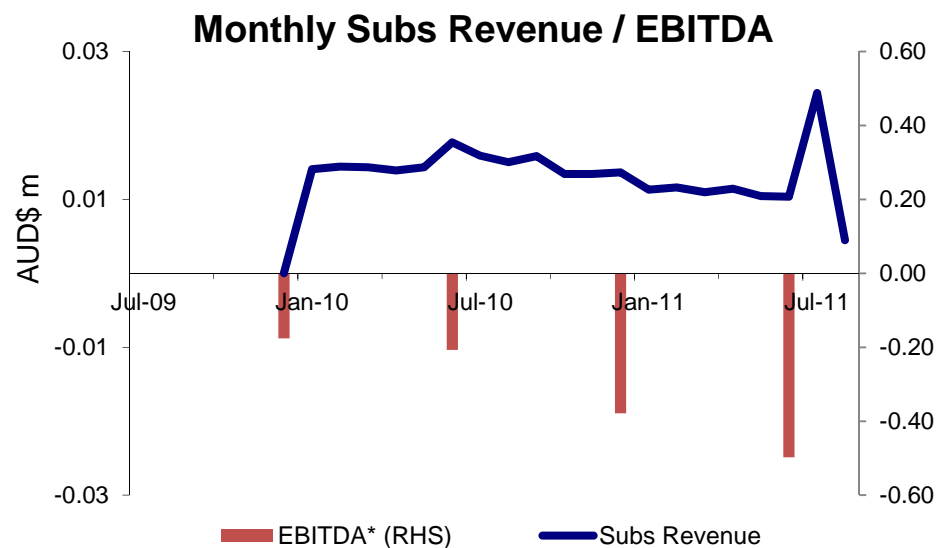
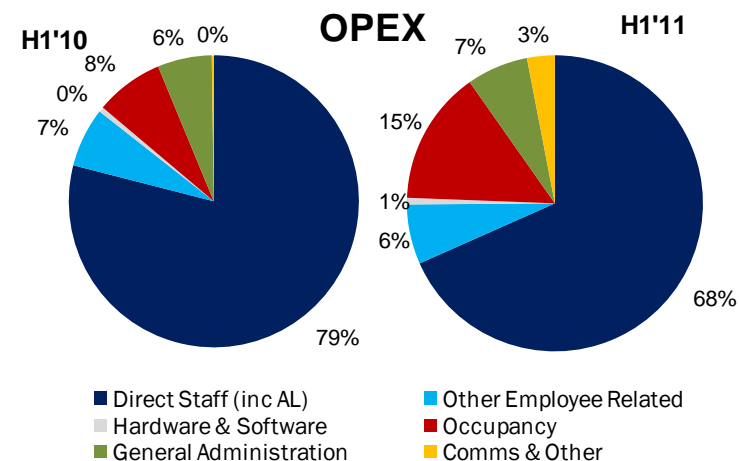
# Wealth Management - RSA

	H1 2010		H1 2011		%Chg LC
	(ZAR\$'000)	(A\$'000)	(ZAR\$'000)	(A\$'000)	
Operating Revenue	23,544	3,505	21,880	3,091	-7%
EBITDA*	7,738	1,150	5,147	729	-33%
PAT*	4,977	740	3,446	488	-31%
Non Recurring Exp	46	183	15	(12)	
Avg Headcount FTE	64.9		66.3		2%

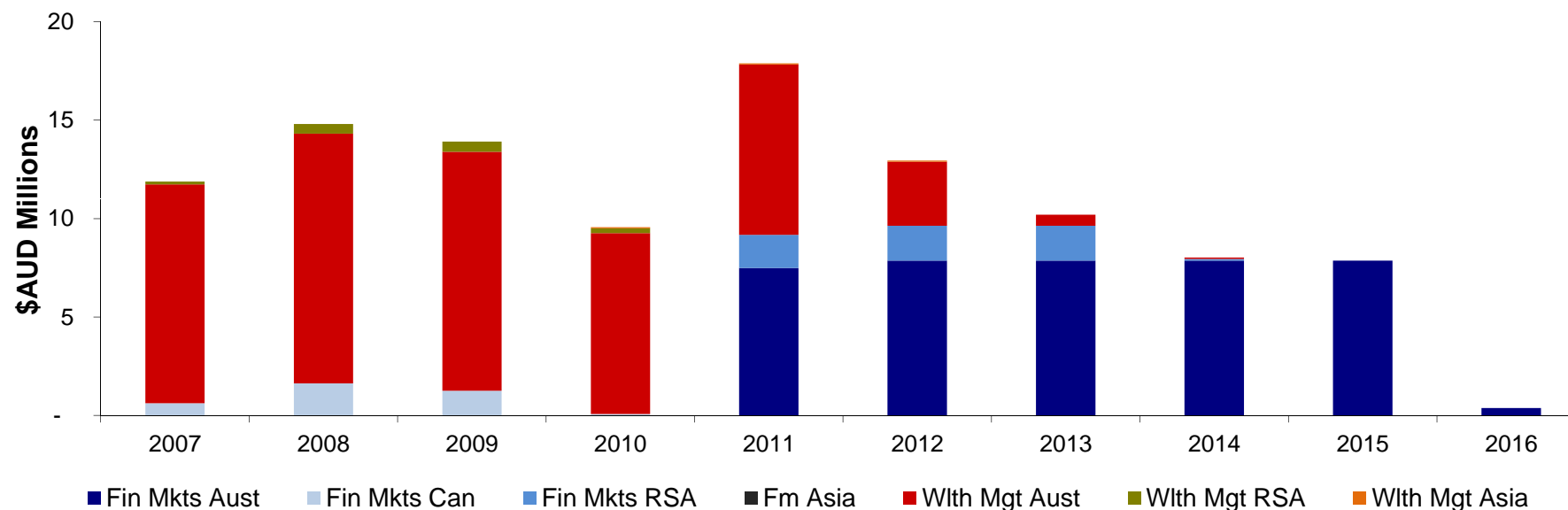


# Wealth Management - Asia

	H1 2010	H1 2011	%Chg LC
	(A\$'000)	(A\$'000)	
Operating Revenue	164	66	-60%
EBITDA*	(563)	(591)	5%
PAT*	(394)	(415)	5%
Non Recurring Exp	1	(12)	
Avg Headcount FTE	13.0	10.3	-21%



## Group Strategic Charges



## Anticipated Future Charges

Description		H1'11	H2'11	H1'12	H2'12	H1'13	H2'13	H1'14	H2'14
Fin Mkts Aust	Peresys Software	3.553	3.934	3.934	3.934	3.934	3.934	3.934	3.934
Fin Mkts RSA	Peresys Customer List	0.808	0.886	0.886	0.886	0.886	0.886	0.078	-
Wealth Mgt Aust	Visiplan Software	3.671	3.671	2.286	-	-	-	-	-
	Transactive Software	0.181	-	-	-	-	-	-	-
	DMS Software	0.141	0.023	-	-	-	-	-	-
	Fundclick Software	0.482	0.482	0.482	0.482	0.482	0.080	-	-
Wealth Mgt Asia	Sentryi Software	0.024	0.025	0.025	0.025	-	-	-	-
<b>TOTAL</b>		<b>8.860</b>	<b>9.021</b>	<b>7.613</b>	<b>5.327</b>	<b>5.301</b>	<b>4.899</b>	<b>4.012</b>	<b>3.934</b>

Assumes no impairment is identified in future periods

## Non-Amortising Intangibles

		Description	Cost (AUD) \$m	Amortisation period
Goodwill	Canada Fin Mkts	LP Goodwill	8.260	Will be subject to regular impairment testing
	Fin Mkts RSA	Peresys Goodwill	12.050	
	Wealth Mgt Aust	Plantech Goodwill	3.157	
		Visiplan Goodwill	10.695	
		Transactive Goodwill	0.285	
		DMS Goodwill	1.042	
	Wealth Mgt RSA	Spotlight Goodwill	5.057	
	Wealth Mgt Asia	Sentryi Goodwill	1.910	
Database	Wealth Mgt Aust	FundData Database	1.540	
TOTAL			43.996	

## ***Tax Expense & Franking***

- Tax Expense
  - Effective tax rate increased up to 28.4% in H1'11 (up from 16.2% in H1'10)
    - Rate change was flagged last year. Effective tax rate in prior periods was low following transition of share grants from performance rights to deferred shares, which resulted in a period of overlapping deductions (2008 to 2010)
    - Transition largely complete. Subject to ongoing vesting and share price, anticipate closer to full tax rates going forwards
- Franking Credits
  - As discussed at full year, surplus franking credits from prior periods have largely been monetised.
  - After allowing for tax effect of anticipated strategic charges, current business mix and outlook, anticipate franking of about 90%.

## Share Grants

- Value of staff share grants made in May 2011 (excludes MD):
  - Deferred shares & Deferred Share Rights \$5.714m (2010: \$5.052m)
  - Performance Rights \$1.595m (2010: \$1.435m)
  - Increase aligns with headcount growth.
- Full allocation approved by shareholders at AGM issued to MD. Performance Rights subject to 4 year term.
- SBP Expense (P&L) in 2010 no longer affected by impact of the migration from 3 year performance rights to 2 year deferred shares (completed effective May 2010). Similar impact on tax expense for 2011 and beyond (subject to vesting, and the IRE share price).
- Existing SBP expense commitments (subject to cancelations)

Future Committed SBP	Dec-11	Jun-12	Dec-12	Jun-13	Dec-13	Jun-14	Dec-14	Jun-15
SBP Expense (\$AUD m)	3.889	3.371	2.360	1.774	0.487	0.404	0.220	0.154