

25 August 2006



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

ELECTRONIC LODGEMENT

Dear Sir or Madam

2006 Half Year Results – Media Release

Please find attached a copy of the media release for IRESS Market Technology Limited for the half-year ended 30 June 2006.

Yours sincerely

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

Stuart Bland
Company Secretary

IRESS Market Technology Ltd
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Adjusted Group profit \$14.2 million (H1'2005: \$11.8m)

**Information and trading services revenues up 13% &
Xplan revenues up 68% on H1'2005**

Xplan adjusted profit before tax exceeds \$1.0m

Reported Group profit \$12.2 million (H1'2005: \$8.9m)

Fully franked interim dividend of 8.0¢ (2005: 6.5¢)

IRESS today announced its results for the half year ended 30 June 2006. The Company provided the following breakdown of its results.**

		Recurring Operational (a)				Published
		Information & Trading Services (\$m)	Financial Planning Services (\$m)	Canada (b) (\$m)	Underlying Group (b) (\$m)	Group (\$m)
Operating Rev	H1 2006	36.041	3.471	3.264	42.776	
	H2 2005	33.876	2.794	1.836	38.506	
	H1 2005	31.866	2.064	1.742	35.672	
EBITDA	H1 2006	19.940	1.155	(215)	20.880	
	H2 2005	18.279	810	(67)	19.022	
	H1 2005	16.735	286	229	17.250	
Profit before tax (c)	H1 2006	19.738	1.039	(391)	20.386	
	H2 2005	18.209	730	(156)	18.783	
	H1 2005	16.628	233	170	17.031	
Profit after tax (c)	H1 2006	13.718	722	(272)	14.168	12.179
	H2 2005	12.655	507	(108)	13.054	10.749
	H1 2005	11.557	162	118	11.837	8.877

** A more detailed breakdown of operating results, non-recurring items and strategic charges is included as an attachment to this release.

(a) IRESS considers inter-period comparability of results is best presented as the underlying operating results of the relevant businesses calculated excluding share based payments, non-recurring items, and strategic amortisation charges.

(b) Results in these columns reflect the Canadian joint venture being accounted for on a proportional consolidation basis prior to acquiring control in April 2006.

(c) The Recurring Operational totals have been calculated before share based payment expenses and assuming an effective tax rate of 30.5%. IRESS considers 30.5% to represent a reasonable estimate of the effective tax on the Recurring Operations.

In the light of this strong result, IRESS Directors declared a fully franked interim dividend of 8.0 cents per share (2005: 6.5 cents) payable on the 29th September 2006.



Operations

IRESS Managing Director, Peter Dunai said the Company's core Australian and New Zealand information and transaction technology business has continued to perform strongly through the first half. "Our pleasing performance in the first half has been based mainly on firm organic growth from our well established products within existing clients rather than specific new initiatives or relationships. Obviously the continued high activity levels on the Australian and New Zealand exchanges has facilitated growth within our clients and hence potential demand for our products. Once again we have seen virtually no "churn" and the long standing stability in our revenue base amongst brokers and fund managers is a metric we value highly and which is unusual amongst market data vendors. Xplan continued its consistent growth performance, with the successful Challenger roll-out being a major achievement. In Canada, we greatly expanded our exposure last March by moving to 100% ownership and reaching agreement with REUTERS to convert their CX Trader operation. Intensive development to facilitate the CX conversion has been in full swing since and is now nearing completion. In combination these divisions have produced an underlying operating result for the group of \$14.168m for the half, an increase of 19.7% on the pcp"

Core Business Outlook for Balance of 2006

As is always the case in periods of revenue growth, we commenced the second half with monthly revenue levels running significantly above the average of the previous period. In addition a price increase from the 1st of July has further boosted billings in the core business plus we have seen continued organic growth in the first few months. Subject to unchanged market conditions these increases in recurring revenue so early in the half form a strong basis for a further consistent growth performance in the second half.

Key Points

- Our development and operations staff have continued to be significantly dedicated to the staged implementation of the new ITS trading system at ASX. ITS is a major project for all market participants, consuming resources everywhere with the result that few other initiatives have been able to progress significantly. We (and our clients) look forward to the final cut-over on October 2nd and the ability to re-focus on our commercial priorities.
- The ITS implementation has been progressing well. Our options clients have been trading successfully on the new system for several weeks and the testing of our software for all remaining phases is virtually complete. The market rehearsal last weekend for the warrants phase was handled successfully.
- FIX Plus, our re-development of the IOS FIX engine, is now in internal test and will be live with beta clients in the next month. FIX Plus jumps our FIX DMA capability above other competitors delivering a full order of magnitude increase in throughput and latency combined with a unique "hot swap" non-stop environment.
- IOS Plus, the Australian version of the IOS redevelopment in Canada is now in use with clients and will support our goals to extend the IOS role further into the trading terminal space in Australia. In one particular configuration (OTS) the product will facilitate traders moving off the ASX SEATS system without changing from a well liked user interface.
- FTS Plus is a redevelopment of our existing FTS order management system for institutional fund managers. FTS is well entrenched with large domestically focussed fund managers and provides comprehensive features for the Australian market but has not catered for other asset classes and international holdings. We have now commenced this redevelopment and committed to deliver a competitive international version by early next year.
- IOS Strategy Engine. Development is under way of a trading strategy engine that will be fully integrated with IOS+. As a framework it will support an ongoing development of new strategies but the initial capabilities will include:
 - Best Market (Canada mainly)
 - Crossing Engine
 - Broker internal market
 - Market on open, market on close

Xplan

Xplan has again delivered an excellent result maintaining its strong consistent growth. Revenue increased to nearly \$3.5 million in the half producing a profit before tax of \$1.03m, an increase of over 40% on the previous half. This was despite some cost increases related in part to a major roll-out the revenue from which falls mainly in the second half. Taking this into account our revenue base in Xplan is now comfortably above \$8 million on an annualised basis. With the cost base still well under \$5 million, the current profit before tax "run rate" easily exceeds \$3 million per annum.

Key points:

- Strong organic level of revenue growth throughout the first half and a firm pipeline for the remainder of the year with potential for significant contracts to re-tender in the near term.
- Major implementation at Genesys Wealth Advisers (owned by Challenger) very successful and nearly complete. Internal surveys within Genesys record strong user acceptance and impressive productivity gains from the Xplan features.
- The on-line model, nearly unknown when Xplan began and seen as a difficult "sell", is now fully accepted, a major positive and competitive advantage. The outsourced and centralised management of data updates, compliance and business processes has proven extremely compelling.
- Agreement reached with major New Zealand client to implement Xplan as their adviser desktop solution. This deal alone jumps Xplan to a material presence in the New Zealand market.
- Market share is now over 25% of obtainable revenue, reaching our minimum "acceptable" target earlier than expected with more growth to come.
- Xplan's continued and consistent revenue growth, virtually zero churn and strong client acceptance makes it, in our view, the leading fully independent vendor of software solutions to wealth planning professionals.

Canadian Business

The first half of this year has seen our Canadian business grow further in scale and importance to the group. Our move to 100% of the joint venture through the acquisition of ITG's 50% interest increases our exposure and demonstrates our confidence in the potential of our products in the Canadian market. In addition the agreement reached with REUTERS Canada to convert their CX Trader user base to IRESS solutions will significantly increase our revenue footprint. The addition of the major CX clients, along with our key existing KTG and IRESS based users gives our operation a blue chip set of relationships. As expected, the Canadian operation has continued to operate at slightly below breakeven through the first half as we scale up support and development resources to facilitate the CX conversion program.

Key points:

- On a 100% basis revenue growth half-on-half was up 15.6% (A\$ 0.584m) in total represented by 8% growth in underlying C\$ revenues and 7.6% due to favourable currency impact. Of the C\$ business revenue increase (C\$ 0.300m) over 75% was in recurring revenues.
- Acquisition of ITG's 50% interest for C\$9.5 million in March 2006 gives IRESS 100% ownership of the Canadian operation. The business is now fully focussed on our goals as an independent vendor.
- Agreement with REUTERS Canada to facilitate conversion of their CX Trader client base to IRESS products. Potential additional revenue of between C\$3.5 to C\$4 million in annual revenue. Payment to REUTERS of 1 x revenue actually converted. Very strong key clients using the CX trader retail OMS system.
- Intensive development program has been underway since the CX trader transaction to incorporate the specific CX functions and REUTERS market data in preparation for the conversion process.

- Major release of the IRESS execution and order management now in test which supports features necessary to convert the majority of CX Trader terminal users. First conversion contracts have been signed and we expect material revenue acquisition to commence in October 2006.
- Further development to replicate the CX Trader retail OMS system has been underway in parallel. The major component of this project is connectivity to the major Canadian back office vendors which is now largely complete. We expect to demonstrate retail OMS capability by end October with first conversions in Q4 and an ongoing program into 2007.
- Organic revenue growth from the original IRESS technology seed clients has been strong in recent months with good further prospects as the backlog of development is gradually released to all users.
- Major project with a major Canadian bank in Toronto to process their North Bound (ie from US) order flow has been implemented successfully with a further enhanced version going live in the next few months. The recent signing of two additional customers for north bound processing highlights the significant potential within our broader client base.
- The existing KTA execution terminal business has been stable in the first half. The CX Trader enhancements have, as a by-product, given us a more direct KTA replacement in IRESS based technology, and we expect to be converting the KTA base over the next twelve months with material cost rationalisation benefits. However the potential to up sell into full order management remains the more significant and forward looking benefit from this process.
- Although our sales focus has been mainly directed at sell side institutions we have seen increased interest by a number of buy side clients in our services.
- Combination of CX conversions and organic growth should produce significant revenue growth from late 2006 and into 2007. We expect annualized revenue, currently around C\$6.5 million to approach C\$10 million around mid 2007.

Board

Cameron O'Reilly has announced his intention to resign from the IRESS board effective 1st of September. Cameron has served on the IRESS board for four years over a period of strong growth and expanded operations both domestically and internationally. The board would like to record its appreciation for Cameron's contribution over this important period and his input will be missed.

The board intends to give consideration to a further appointment over the coming months taking into account the company's wider product spread and geographic reach.

For further information please contact:

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Chairman
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Detailed Results Analysis:

		Information & Trading Services (\$m)	Financial Planning Services (\$m)	Canada (b) (\$m)	Underlying Group (b) (\$m)	Strategic / Non - Operating Charges (\$m)	Total (\$m)
Recurring Operational (a)							
Operating Rev	H1 2006	36,041	3,471	3,264	42,776	0	42,776
	H2 2005	33,876	2,794	1,836	38,506	0	38,506
	H1 2005	31,866	2,064	1,742	35,672	0	35,672
EBITDA	H1 2006	19,940	1,155	(215)	20,880	0	20,880
	H2 2005	18,279	810	(67)	19,022	0	19,022
	H1 2005	16,735	286	229	17,250	0	17,250
Profit before tax (c)	H1 2006	19,738	1,039	(391)	20,386	(1,100)	19,286
	H2 2005	18,209	730	(156)	18,783	(1,979)	16,804
	H1 2005	16,628	233	170	17,031	(1,900)	15,131
Profit after Tax (c) (d)	H1 2006	13,718	722	(272)	14,168	(615)	13,553
	H2 2005	12,655	507	(108)	13,054	(1,519)	11,535
	H1 2005	11,557	162	118	11,837	(1,532)	10,305
SBP & Non-Recurring:							
Share Based Pmts.	H1 2006	(1,413)	0	0	(1,413)	0	(1,413)
	H2 2005	(1,297)	0	0	(1,297)	0	(1,297)
	H1 2005	(1,111)	0	0	(1,111)	0	(1,111)
Total Non-Rec Exp. Before Tax	H1 2006	489	0	(433)	56	0	56
	H2 2005	738	0	(3)	735	0	735
	H1 2005	(406)	5	(55)	(456)	0	(456)
Reported:							
Profit after tax	H1 2006	12,645	722	(573)	12,794	(615)	12,179
	H2 2005	11,871	507	(110)	12,268	(1,519)	10,749
	H1 2005	10,164	165	80	10,409	(1,532)	8,877

(a) IRESS considers inter-period comparability of results is best presented as the underlying operating results of the relevant businesses calculated excluding share based payments, non-recurring items, and strategic amortisation charges.

(b) Results in these columns reflect the Canadian joint venture being accounted for on a proportional consolidation basis prior to acquiring control in April 2006.

(c) The Recurring Operational totals have been calculated before share based payment expenses and assuming an effective tax rate of 30.5%. IRESS considers 30.5% to represent a reasonable estimate of the effective tax on the Recurring Operations.

(d) Tax expense for strategic and operating charges includes both the tax expense for these items and timing differences associated with the recurring operational activities.

Additional commentary on the items excluded from the underlying group operating results:

Strategic / Non-Operating charges

In preparing the "media release" presentation of results, IRESS views items such as goodwill, or intangible non-current assets arising out of an acquisition (such as software or customer lists) as separate to those associated with the ongoing operation of the business. The expensing of these acquisition type assets is stripped out of the relevant business unit and shown separately under the heading of strategic / non-operating charges.

Other than arising from an acquisition, no software development related expenses are capitalised. All expenditure on software development following an acquisition is expensed and is reflected in the relevant business unit's results.

The following schedule sets out the items making up the Group's strategic / non-operating charges:

	Financial Planning	Canadian Joint Venture		ITG's interests in JV
Entity & Asset	Xplan Software	KTG Corp Inc Software	KTG Corp Inc Customer List	IRESS Market Technology LP Goodwill
Description	Operational software arising on the acquisition of Xplan Technology Pty Ltd.	Operational software arising on the acquisition of 50% of KTG Corp Inc. ("KTG"). This asset has been expensed over 21 months in recognition that it will be phased out following the introduction of IRESS' products in Canada	Value assigned to KTG's customer list arising on the acquisition of our 50% interest in KTG.	Goodwill arising on the purchase of ITG's interests in the Canadian Joint Venture. Current amount represents adopting provisional fair values for assets purchased.
Total Cost (AUD)	\$11.034 m	\$ 2.970 m	\$ 0.162 m	\$ 10.669 m
Amortisation period	5 years (ending Mar 08)	21 months (ended Dec 05)	3 years (ending Mar 07)	N/A
Tax Deductible	Yes	Yes	Yes	Will be subject to regular impairment testing
Expense Recognised (a)				No
2006 H1	1.070	0.000	0.030	-
2005 H2	1.079	0.882	0.019	-
2005 H1	1.061	0.821	0.017	-

(a) Foreign currency rate changes may result in a variance between the total amount expensed and the amount initially recognised.

Share Based Payments

While acknowledging the requirement to expense share based payments in the income statement, for the "media release" presentation of results, IRESS has excluded share based payment expense from the Recurring operational results to enhance inter period compatibility.

Non-Recurring Expenses

Certain expenses are stripped out of the recurring operational results as they are considered to be of a nature which if included, may distort inter-period comparability. In the H1 2006 result, the primary non-recurring items were:

- some one-off management rationalisation expenses arising from the assumption of full control over the Canadian operations (\$0.401m);
- net foreign currency gains which arise primarily on our cash on deposit held by our Canadian subsidiary (0.444m); and
- sundry revenues \$0.013m.