MARKET TECHNOLOGY

A.B.N. 47 060 313 359

ANNUAL REPORT 2006

Contents

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 20, 360 Collins Street on
Wednesday, 2 May 2007 at 12.00 midday.

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

Directors

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

Company Secretary

S Bland

Registered Office

Level 20, 360 Collins 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 2006 was $29.6 million, an increase of 19.1% on the previous year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) on an adjusted basis was $44.4 million, an increase of 22.2% on the previous year, and basic earnings per share on an adjusted basis increased 16.7% to 26.897 cents per share. Reported profit after tax, which includes the impact of non-recurring/non-operating items, was $24.3 million, compared with $19.6 million last year.

The significant non-operating charges in 2006 related to the depreciation and amortisation of software arising on the acquisition of Xplan Technology Pty Ltd (in 2003) and PlanTech Consulting Group Pty Ltd (in 2006). Collectively these charges had a pre-tax impact of $3.164 million (2005: $2.140 million). In addition to adjusting for these items, the above adjusted results are prior to inclusion of share based payment expenses.

Directors have declared a final dividend of 13.0 cents per share, which when combined with the first half dividend of 8.0 cents gives a total of 21.0 cents fully franked on each share, up from 18.0 cents in 2005, and representing a payout ratio of around 80% on full year adjusted earnings

Financial Summary

12 months to 31 December 2006

	Consolidated 2006	Consolidated 2005
Total revenues ($m)	94.837	73.143
Earnings before interest, tax, depreciation & amortisation ($m)	40.657	32.211
Profit before income tax expense ($m)	35.841	29.739
Profit attributable to the members of the parent entity ($m)	24.260	19.625
Adjusted basic earnings per share (cents)	26.897	23.052
Dividend per share (cents)	21.0	18.0

Chairman and Managing Director's Report

Overview

We are pleased to announce a net profit after tax on an adjusted basis of $29.6 million on revenue before interest income of $93.4 million for the full year to December 2006. This represents profit growth of 19.1% and sales growth of 30.5% on the previous year. The calculation of adjusted results excludes certain large and non-recurring expenses, which in the twelve months to December 2006 primarily related to the amortisation of computer software arising on the purchase of businesses, namely Xplan Technology Pty Ltd (acquired in 2003), and PlanTech Holdings Pty Ltd (acquired in Sept 2006).

Adjusted basic earnings per share for the year is 26.897 cents, up 16.7% on the prior year figure. Directors have declared a final dividend of 13 cents per share. The dividend (in conjunction with the first half dividend) represents a payout ratio of approximately 80% of the full year's adjusted result.

The unadjusted results of the Company as shown in the Income Statement shows a net profit after tax of $24.3 million (2005: $19.6 million).

Overview of Information and Trading Services (Australia and New Zealand)

Our core business of providing information and front office systems to the Australian and New Zealand equity and derivative markets continued its strong growth, with profit before tax on an adjusted basis up 16.5% (2005:16.4%). Growth in the core business was spread widely across both the client base and product set with particular highlights in percentage terms from the IRESS desktop, webIRESS, FIX and FTS.

Some of the key initiatives during the year, which will benefit strategic and economic performance into 2007, include:

- A major development challenge for 2006 was the ASX conversion of their central system to ITS, a project that impacted nearly all our products in Australia. The upgrade of our systems went smoothly and they have performed well since.
- In conjunction with the ASX change we released OTS, a keystroke based trading terminal which is now installed successfully at 17 brokers.
- WebIRESS was upgraded to the latest JAVA platform which provides (optionally) a more 'windows like' user interface. Growth in WebIRESS was strong with the loss of one major client (due to its acquisition) being more than offset by general volume growth and recently the signing of a new top 5 online broking group to roll out WebIRESS in 2007.
- FIX+ was completed and will roll-out in the coming months. It conjunction with IOS+ it offers a unique level of performance, compliance and reliability for FIX DMA business.
- FTS+ development progressing with one FTS client now on an early version and a significant release planned for the middle of the year.
- The CFD product set was upgraded for Asian exchanges and is now live covering Singapore, Hong Kong and Tokyo.
- IPS, our tax based portfolio product, progressed well with multi-currency, custodial capabilities targeting IMA/SMA administration, with index-based modelling included. A new 'per portfolio' pricing structure targets retail advisers specifically.

Overview on Financial Planning Services (XPLAN)

XPLAN has expanded its contribution to group profits, delivering an after tax profit of $2.019m on strong and consistent revenue growth. Year on year operating revenue more than doubled from $4.858m in 2005 to $9.992m

Further organic growth combined with the acquisition of PlanTech Holdings Pty Ltd ('PlanTech') in September 2006 will see XPLAN become a substantial revenue and profit contributor in 2007. On an annualised basis at the end of 2006, revenue from XPLAN / PlanTech is tracking over $16 million with costs expected to settle (after transition expenses) to between $8 and $9 million.

Some of the key initiatives during the year, which will benefit strategic and economic performance into 2007, include:

- Large scale implementation at Genesys Wealth Advisors was very successful.
- Acquisition of PlanTech expands scale and delivers risk research and analytics leadership:

- The acquisition and merger well received by clients of both companies and new prospect;
- Risk Researcher content integration was available on day one;
- Full Risk Researcher features within XPLAN web environment live in March 2007.

- Risk strengths combined with web-delivered XPLAN make an attractive alternative for desktop users.
- XPLAN New Zealand released in early 2007.

Overview of Information and Trading Services (Canada)

2006 has seen the business in Canada grow significantly in scale with IRESS moving to 100% ownership in April 2006 and the conclusion of the deal with Reuters to convert CX Trader ('CX') users. Revenue began rising from the middle of the 2006 and with the level of CX contracts now signed but not yet implemented, will increase over the rest of 2007 providing the base for a profitable result in 2008.

Some of the key initiatives during the year, which will benefit strategic and economic performance into 2007, include:

- IRESS based revenue grew solidly from the middle of last year and combined with the revenue from the existing KTA base (the former technology) is now running at an annualised level comfortably over C$7 million.
- The conversion of CX Trader OE (Order Entry) terminal product is currently underway. Customer acceptance has been strong and the process of contracting clients to convert (now they can see the product) is well progressed. Currently contracted but not yet implemented CX Order Entry customers alone would see total revenues rise to around C$10.0 million as these services are installed and invoiced. Pleasingly, on conversion, many customers are subscribing to additional IRESS products over and above the straight CX replacement product.
- The conversion of the CX OMS (Order Management System) product is complete and entering testing with several clients shortly. We are confident of the product being taken up by a high proportion of existing CX OMS users.
- Our unique IOS module for the automated processing of "North Bound" US orders (NATM) is running in two client sites and is generating interest from several other clients.
- Our 'Best Market Router' module is completing final testing in preparation for the launch of Pure Trading, a competing TSX market. The product will provide simultaneous visibility of market information on both the TSX and the Pure exchanges. We believe we are leading the market with this product and plan to add further features over coming months.

Outlook

As is always the case in periods of revenue growth, we commenced 2007 with monthly revenue levels running significantly above the average of the previous period and revenue growth in the first two months has continued the positive trend. In combination, these two factors already form the basis of an acceptable first half result provided conditions in the financial markets do not deteriorate significantly.

Competitors continue to remain active amongst our client base particularly at the relatively basic end of the market data segment. On order management we compete (mainly at the larger clients) with international solution providers or with the client's own internal development. Our strategy, as in previous years, is to focus on adding value and local tailoring to all segments of our client base, avoiding where possible commodity product status. Consequently, we believe the full package of services we provide across our operational businesses represent excellent value to our customers, and thus the financial impact of competitors has not been noticed.

Chairman and Managing Director's Report

Acknowledgements

It has only been possible for the Company to achieve such a strong result through the skills and dedication of our staff, to whom we offer our thanks.

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

Mr P Dunai

Managing Director

Mr N Hamilton

Chairman

Directors' Report

The Directors of IRESS Market Technology Limited submit herewith the annual financial report for the financial year ended 31 December 2006. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows.

Board of Directors

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

Name	Particulars
Mr N Hamilton	Chairman, aged 54, joined the Board in 2000 and is Chairman of Integrated Group Limited, and the AFL Players Association Advisory Board; and a Director of Insurance Australia Group Ltd. Mr Hamilton was an executive director of Chieftain Securities Limited from 12 June 1992 until 19 November 2004, and a non-executive director and Chairman of Sons of Gwalia Ltd from 19 January 2004 until 13 April 2004, and from 13 April 2004 until 21 January 2005 respectively.
Mr P Dunai	Managing Director, a founding shareholder in the Company, aged 47, joined the Board in 1993 and has served as Managing Director since that time.
Mr J Killen	Non–executive director, Chairman of the Audit Committee, aged 61, joined the Board in 2000 and is Chairman of Sisters of Charity Health Service Ltd and Sisters of Charity Healthcare Australia Ltd; and a director of Catholic Church Insurances Ltd, Equity Trustees Limited and Templeton Global Growth Fund Ltd.
Mr C O'Reilly	Non–executive director, member of the Audit Committee, aged 41, joined the Board in 2001 and is a director of APN News & Media Ltd and Independent News & Media PLC (Dublin) and Managing Director of Bayard Group Pty Ltd. Mr O'Reilly was a non-executive director of Gazal Corporation Ltd from 1 July 2002 until 25 November 2005.
Mr A Richards	Non–executive director, member of the Audit Committee, aged 69, joined the Board in 2001. Until his retirement from the Australian Stock Exchange Limited (ASX) on 24 July 2006, Mr Richards was a non-executive nominee director appointed by the ASX under the terms of the agreement whereby the ASX acquired 15 million shares in IRESS Market Technology Limited.
Mr B Burdett	Non–executive director, member of the Audit Committee, aged 67, 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.

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

- Mr C O'Reilly – resigned 31 August 2006; and
- Mr B Burdett – appointed 4 September 2006.

Company Secretary

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

Name	Particulars
Mr S Bland	Chief Financial Officer and Company Secretary, aged 42, joined the Company in 2001 and has held his current position since then. He is a nominee director for all wholly owned subsidiaries and jointly controlled entities.

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 the Republic of South Africa.

Review of Operations

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

- continued organic revenue growth of the information services business in Australia and New Zealand, primarily from increased market data services for both IRESS and webIRESS as well as sales of trading related systems and services, in particular IOS, IPS, FIX, and ETCs;
- continued strong growth in recurring revenues from financial planning services (Xplan) including a positive earnings contribution from the PlanTech risk (life insurance) business acquired in September 2006.
- an increase in operating costs associated with headcount growth to maintain client and product development, as well as small increases in data provider and communication and technology fees. Operating costs included some once-off costs following staff rationalisation expenses following completion of the Canadian and PlanTech acquisitions (refer note 23);
- a small negative contribution made by the Canadian operations, largely due to expanded fixed costs elements (such as data provider charges) in readiness for CX Trader customer conversions and organic growth. The feedback regarding our Canadian versions of IRESS continues to be positive, with significant conversions to the IRESS technology anticipated during the first half of 2007.

The reported net profit after tax was $24.26m, a 23.6% increase on reported profits for the same period last year. Impacting on comparability of results for 2006 and 2005 are the acquisitions of the remaining 50% of the joint venture in Canada in April 2006, and PlanTech in September 2006.

Changes in State of Affairs

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

Subsequent Events

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

Future Developments

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

Mr Neil Detering

Mr Detering, one of the three founders of IRESS, elected to reduce his level of involvement with the company during 2006 and while he acted as a consultant for much of this period, Mr Detering has chosen to discontinue this arrangement as at 31

December 2006. The Board would like to take this opportunity to thank him for his enormous contribution and input over the years and wish him well for the future.

Dividends

In respect of the financial year ended 31 December 2005, as detailed in the Directors' Report for that financial year, a final dividend of 11.5 cents per share franked to 100% at 30% corporate tax rate was paid to the holders of fully paid ordinary shares on 30 March 2006.

In respect of the financial year ended 31 December 2006, an interim dividend of 8.0 cents per share franked to 100% at 30% corporate tax rate was paid to the holders of fully paid ordinary shares on 29 September 2006.

In respect of the financial year ended 31 December 2006, the Directors recommend a final dividend of 13.0 cents per share franked to 100% at 30% corporate tax rate to be paid to the holders of fully paid ordinary shares on 30 March 2007. The record date to participate in the final dividend is 16 March 2007.

Performance Rights & Share Options

Performance Rights Granted To, and Vesting In, Directors, Executives and Staff

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

No performance rights have been issued to directors or executives since the end of the year.

Directors	Performance rights granted during the year (a)	Performance rights vested during the year (b)
Mr P Dunai	500,000	165,000

(a) Governed by the rules of the Peter Dunai Performance Rights Plan which was established in May 2005.

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

During the year, the following performance rights were issued to executives and staff or a related body corporate of an executive and the following performance rights and options vested.

Executives & staff (a)	Performance rights granted during the year	Performance rights vested during the year	Performance rights cancelled during the year (b)
Mr S Bland	60,000	91,250	–
Ms K Gross	60,000	91,250	–
Mr A Rudy	45,000	37,500	–
Mr D Walker	60,000	90,000	–
Mr A Walsh	120,000	–	–
Staff	855,750	565,750	87,720

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

(b) 5,220, 96,500 and 61,000 performance rights from the 2004, 2005 and 2006 series respectively were cancelled during the year.

Directors' Report

The number of performance rights which subsequently vest is dependent on a number of variables including the performance of the company.

Further details of the above performance rights are set out in notes 37 to 39 of the financial statements.

Share Options Granted To, and Vesting In, Directors, Executives and Staff

During and since the end of the financial year, no share options were granted to directors, executives or staff of the Company. All outstanding options were governed by the rules of the Employee Share Option Plan. By 1 May 2005 all options were fully vested, and by 31 December 2006 all options had been exercised.

Performance Rights and Share Options Exercised by Directors, Executives and Staff

During the financial year, the following vested performance rights and options were exercised by the nominated person(s) or a related body corporate, and converted into ordinary shares in IRESS Market Technology Limited.

	Options exercised during the year (c)	Performance rights exercised during the year	
Directors			
Mr P Dunai	1,055,000	165,000	(a)
Executives			
Mr S Bland	50,000	91,250	(b)
Ms K Gross	–	91,250	(b)
Mr A Rudy	80,000	37,500	(b)
Mr D Walker	–	90,000	(b)
Staff	196,702	565,750	(b)

(a) During the year Mr Dunai was granted performance rights under the Peter Dunai Performance Rights Plan which was approved by shareholders at the AGM in May 2005. Performance rights vesting and exercised by Mr Dunai during the year related to grants made in prior years, and they are governed by the Employee Performance Rights Plan. The exercise price was $2 in total, representing $1 for each series of performance rights exercised.

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

(c) All options exercised during the year had an exercise price of $2.16.

Further details on the Employee Performance Rights Plan, the Peter Dunai Performance Rights plan and the Employee Share Option Plan are set out in notes 37 to 39 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, and rights or options in shares of the Company, at the date of this report. For share options and performance rights, the table includes entitlements which have already vested but have not been exercised, as well as those which may, subject to meeting performance hurdles, vest at some time in the future. All share options held by directors had fully vested by 7 May 2005.

Directors	Fully paid ordinary shares	Unvested performance rights
Mr P Dunai	53,600	1,136,400
Mr N Hamilton	100,000	–
Mr J Killen	77,500	–
Mr A Richards	10,000	–
Mr B Burdett	–	–

The following table sets out the relevant interest in share options and performance rights of the Company for each executive held directly or through a related body corporate, at 31 December 2006. The table includes entitlements which have already vested but have not been exercised, as well as those which may, subject to meeting performance hurdles, vest at some time in the future. All share options held by executives had fully vested by 31 December 2004.

Executives	Fully paid ordinary shares	Unvested performance rights
Mr S Bland	60,745	227,500
Ms K Gross	59,750	212,500
Mr A Rudy	78,000	153,400
Mr D Walker	190,000	219,400
Mr A Walsh	–	120,000

Directors' Report

Directors' Meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 7 Board meetings and 2 Audit Committee meetings were held.

	Board of directors		Audit committee	
Directors	Eligible to attend	Attended	Eligible to attend	Attended
Mr P Dunai	7	7	–	–
Mr N Hamilton	7	7	–	–
Mr J Killen	7	7	2	2
Mr C O'Reilly	5	4	2	–
Mr A Richards	7	7	2	2
Mr B Burdett	2	2	–	–

Indemnification of Officers and Auditors

During the year, the Company paid a premium in respect of a contract insuring each of the Directors of the Company (as named on page 5), the Company Secretary and each of the Executive Officers of the Company and of any related body corporate against a liability or expense incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. In accordance with section 300(9) of the Corporations Act 2001 further details have not been disclosed due to confidentiality provisions in the insurance contract.

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

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

Non-Audit Services

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

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 27 to the financial statements.

Auditors' Independence Declaration

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

Rounding Off Amounts

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

Directors' Report

Audited Remuneration Report

This Remuneration Report provides details of IRESS' policy for determining the remuneration of directors and executives; the relationship between the policy and the performance of the company during the financial year; and the remuneration of board members and executives in accordance with the requirements of the Corporations Act 2001 and its Regulations. It also provides the remuneration disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of AASB 124 Related Party Disclosures, which have been transferred to the Remuneration Report in accordance with Corporations Regulations 2M.6.04. 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 five executives in the parent and the group receiving the highest remuneration.

Director and Executive Details

This remuneration report includes information on the remuneration of:

- the directors of IRESS Market Technology Limited, being:
    - Mr N Hamilton (Chairman, non-executive director);
    - Mr P Dunai (Managing Director);
    - Mr J Killen (Chairman of the Audit Committee, non-executive director);
    - Mr C O'Reilly (Non-executive director) - resigned 31 August 2006;
    - Mr A Richards (Non-executive director); and
    - Mr B Burdett (Non-executive director) – appointed 4 September 2006;
- and other key management personnel, being:
    - Mr S Bland (Chief Financial Officer);
    - Mr N Detering (Business Development Officer) – included up to 31 December 2005;
    - Ms K Gross (General Manager, Products, Sales & Marketing);
    - Mr A Rudy (General Manager Operations);
    - Mr D Walker (Chief Technical Officer); and
    - Mr A Walsh (General Manager Xplan) – included from 1 January 2006.

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

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

Directors' Report

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 2006 were within the maximum aggregate limit of $400,000 per annum agreed to by shareholders at the Annual General Meeting held on 1 May 2002.

During the year the non-executive directors' annualised fee structure was as follows.

Role	Current fee $ (a)
Chairman	95,000
Chairman of Audit, Risk & Compliance Committee	57,500
Non-executive directors (b)	47,500

(a) Before statutory superannuation contributions by the Company.

(b) Mr A Richards was, until his retirement from Australian Stock Exchange Limited (ASX) on 24 July 2006, a non-executive nominee director appointed by the ASX. Up until this date, in lieu of a fee for Mr Richards' services, ASX Operations Pty Ltd was paid an equivalent secondment amount. Following his retirement from the ASX, directors' fees have been paid direct to Mr Richards.

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

The Company does not operate any equity plans or performance based incentives for non-executive directors.

Amounts paid for statutory superannuation are in addition to the fees set out above. There are no other schemes for retirement benefits for non-executive directors. This is consistent with Principle 9.3 of the Australian Stock Exchange (ASX) Corporate Governance Guidelines.

Executive remuneration

Philosophy

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

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

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

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

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

Fixed annual remuneration

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

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

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

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

Short term incentive remuneration

The company operates a short term cash 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 2006.

	Maximum that could be earned	% Achieved	% Not achieved
	% of Base	% of Base	% of Base
Mr P Dunai	50%	44%	6%
Mr S Bland (a)	50%	45%	5%
Ms K Gross (b) (c)	–	74%	–
Mr A Rudy (b)	–	45%	–
Mr D Walker (b)	–	45%	–
Mr A Walsh (b)	–	26%	–

(a) Mr Bland continued with the arrangement established in prior years to modify his base remuneration in lieu of an additional two weeks annual leave. Figures in this table are calculated based on Mr Bland's underlying base remuneration.

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

(c) Ms Gross was officially working part-time during the year. During this time she performed unpaid work for IRESS on an ad hoc basis outside this arrangement, and her 2006 bonus in part reflects this.

The company makes superannuation contributions on bonus payments at the statutory rate which is not included in the above bonus percentages.

Longer term incentive remuneration

The company operates the following share based plans (the details of which are set out in notes 37 to 39 of the financial statements):

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

No options have been granted under the Employee Share Option Plan since 1 May 2002 and all options granted are now fully vested. Further details on the plan rules are set out in note 39 of the financial statements.

The decision to make an award of share rights is made annually by the Board. 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.

Grants of performance rights under the Employee Performance Rights Plan have been made in May each year since the plan was approved by shareholders in 2003. Performance Rights issued in 2003 and 2004 vest, subject to meeting performance criteria, in tranches of 25%, 25% and 50% over three years. The plan rules were modified in 2005, to remove the interim vesting periods.

The Peter Dunai Performance Rights Plan was approved by shareholders at the annual general meeting in May 2005. At the same time 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.

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.

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.

Performance under share based incentive plans

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

Grant date	7 May 2003	7 May 2004	9 May 2005	8 May 2006
Number of performance rights granted	220,000	220,000	500,000	500,000
Applicable plan rules	Employee Performance Rights Plan	Employee Performance Rights Plan	Peter Dunai Performance Rights Plan	Peter Dunai Performance Rights Plan
Total performance rights cancelled	–	–	–	–
Fair value estimate at grant date (a)	$1.25	$1.85	$2.18	$3.81
1st performance ranking date				
Date	7 May 2004	9 May 2005	7 May 2008	7 May 2008
Percentile ranking	Top quartile	51st percentile	–	–
Vested	55,000	28,600	–	–
2nd performance ranking date				
Date	9 May 2005	8 May 2006	7 May 2009	7 May 2009
Percentile ranking	Top quartile	Top quartile	–	–
Vested	55,000	55,000	–	–
3rd performance ranking date				
Date	8 May 2006	7 May 2007	7 May 2010	7 May 2010
Percentile ranking	Top quartile	–	–	–
Vested	110,000	–	–	–
Total vested and exercised	220,000	83,600	–	–
Total valid outstanding (b)	–	136,400	500,000	500,000

(a) The value of performance rights at grant date set out in the tables above is based on the external valuation advice from PricewaterhouseCoopers Securities Limited. The valuation has been made using a Monte Carlo simulation option pricing model using standard option pricing inputs such as the underlying stock price, exercise price, expected dividends, expected risk free rates and expected share price volatility (refer note 36 of the financial statements) as well as adjusting for the likelihood of achieving performance hurdles.

(b) The quantum of performance rights ultimately vested in the managing director is a function of the performance of the company relative to its peer group.

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.

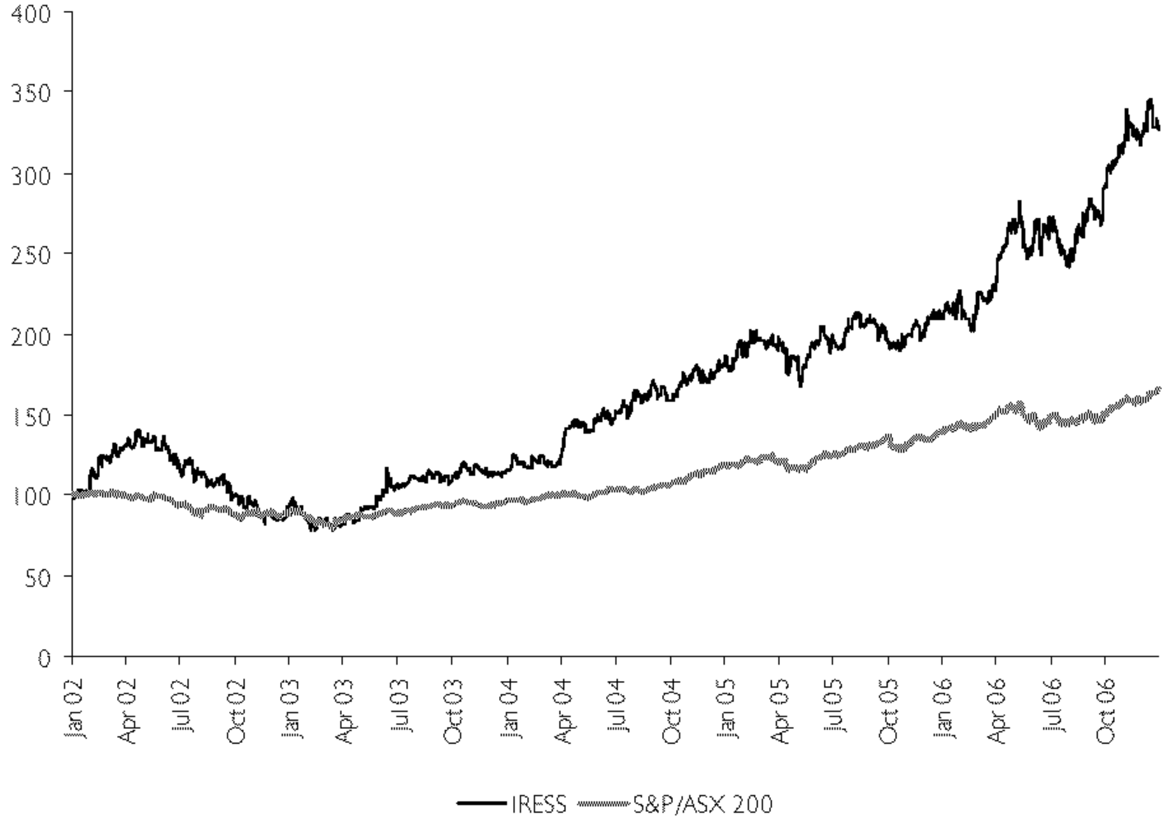
Grant date	7 May 2003	7 May 2004	9 May 2005	8 May 2006
Performance rights granted	1,326,000	1,440,000	1,392,820	1,200,750
Number of participants at grant date	49	58	77	91
Number of current participants	45	52	71	88
Total performance rights cancelled	88,500	91,540	118,160	61,000
Fair value estimate at grant date (a)	$1.25	$1.85	$2.31	$3.60
1st performance ranking date				
Date	7 May 2004	9 May 2005	7 May 2008	7 May 2009
Ranking	Top quartile	51st percentile	–	–
Vested	330,000	180,050	–	–
2nd performance ranking date				
Date	9 May 2005	8 May 2006		
Ranking	Top quartile	Top quartile		
Vested	307,500	335,750		
3rd performance ranking date				
Date	8 May 2006	7 May 2007		
Ranking	Top quartile	–		
Vested	600,000	–		
Total vested and exercised	1,237,500	515,800	–	–
Total valid outstanding (b)	–	832,660	1,274,660	1,139,750

(a) Refer to note (a) above.

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

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 2006, compared to the S&P/ASX 200 index. Over the five years the IRESS share price had increased by 226.5% and the S&P/ASX 200 index had increased by 65.7%. Further, during this period, IRESS has maintained its high dividend payout ratio and all dividends have been fully franked.



An analysis of company performance over the five years to December 2006 is set out in the table below.

Measure	31 December 2002	31 December 2003	31 December 2004	31 December 2005	31 December 2006
Share price	200¢	247¢	400¢	450¢	702¢
Change in share price	(15)¢	47¢	153¢	50¢	252¢
Change in share price (%)	(6.9)%	23.5%	61.9%	12.5%	56.0%
Volume weighted average price for period	191¢	224¢	314¢	421¢	588¢
Dividend per share (a)	10.2¢	12.5¢	15.5¢	18.0¢	21.0¢

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

As set out on pages 12 to 15 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 2006.

	Short term employment benefits			Post employment (a)	Share based payments	
	Salary & fees $	Bonus $	Non-monetary $	Super-annuation $	Equity settled options & performance rights $	Total $
Executive Director						
Mr P Dunai	522,998	228,000	6,533	67,590	750,217	1,575,338
Non-executive Directors						
Mr N Hamilton	102,917	–	–	9,263	–	112,180
Mr J Killen	67,898	–	–	1,880	–	69,778
Mr C O'Reilly (b)	35,625	–	–	3,206	–	38,831
Mr A Richards (c)	42,034	–	–	1,880	–	43,918
Mr B Burdett (d)	15,529	–	–	1,398	–	16,927

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

(b) Mr O'Reilly resigned from the Board on 31 August 2006.

(c) Mr A Richards was until 24 July 2006 a nominee director appointed by Australian Stock Exchange Limited. Until this date, ASX Operations Pty Ltd received a fee associated with Mr Richards' services as a non-executive director of IRESS. Since this date, total remuneration of $22,768 has been paid to Mr Richards.

(d) Mr Burdett joined the Board effective 4 September 2006.

Directors' Report

The following table discloses the remuneration of the Directors of the Company for the year ended 31 December 2005.

	Short term employment benefits			Post employment (a)	Share based payments	
	Salary & fees $	Bonus $	Non-monetary $	Super-annuation $	Equity settled options & performance rights (b) $	Total $
Executive Director						
Mr P Dunai	474,667	200,000	6,039	60,720	410,628	1,152,054
Non-executive Directors						
Mr N Hamilton	82,916	–	–	7,462	–	90,378
Mr J Killen	54,273	–	–	–	–	54,273
Mr C O'Reilly	42,292	–	–	3,806	–	46,098
Mr A Richards (c)	42,292	–	–	–	–	42,292

(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) All share options granted to Mr Dunai were issued prior to 7 November 2002 and had fully vested by 7 May 2005. Under the transitional rules associated with the introduction of A-IFRS, these options were not required to be expensed in the financial statements, however the Corporations Act 2001 requires these options to be included in remuneration in the above table. The remuneration value for these options has been determined based on an approach consistent with the A-IFRS methodology and represented an additional $32,099 of remuneration for Mr Dunai.

(c) Refer note (c) in the previous table.

The following table discloses the remuneration of the five most highly remunerated executives of the company and the consolidated entity (other than the Managing Director) for the year ended 31 December 2006.

	Short term employment benefits			Post employment (a)	Share based payments	
	Salary & fees $	Bonus $	Non-monetary $	Super-annuation $	Equity settled performance rights (b) $	Total $
Mr S Bland (b)	226,683	102,000	6,533	30,765	196,461	562,442
Ms K Gross	147,000	109,000	8,136	23,040	184,922	472,098
Mr A Rudy	179,000	81,000	6,533	23,400	132,568	422,501
Mr D Walker	240,750	109,000	1,130	31,478	190,671	573,029
Mr A Walsh	200,000	52,000	–	22,680	139,869	414,549

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

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

Directors' Report

The following table discloses the remuneration of the five most highly remunerated executives of the company and the consolidated entity (other than the Managing Director) for the year ended 31 December 2005.

	Short term employment benefits			Post employment (a)	Share based payments	
	Salary & fees $	Bonus $	Non-monetary $	Super-annuation $	Equity settled performance rights (b) $	Total $
Mr S Bland (c)	212,740	92,000	6,039	28,524	163,823	503,126
Mr N Detering	142,950	60,000	6,039	18,266	68,798	296,053
Ms K Gross	82,108	45,000	3,771	11,440	156,361	298,680
Mr A Rudy	167,750	67,000	6,039	21,128	91,865	353,782
Mr D Walker	222,500	96,000	1,069	28,665	157,833	506,067

(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 executives during the year.

(b) All share options granted to executives had fully vested by 31 December 2004.

(c) Refer note (b) in the previous table

Share rights granted to the managing director and executives during the financial year ended 31 December 2006 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, that lapsed during the year $
Directors				
Mr P Dunai	48%	1,905,000	947,100	–
Executives				
Mr S Bland	35%	216,000	523,775	–
Ms K Gross	39%	216,000	523,775	–
Mr A Rudy	31%	162,000	215,250	–
Mr D Walker	33%	216,000	516,600	–
Mr A Walsh	34%	432,000	–	–

(a) This figure is calculated on the value of share rights included in remuneration for the year ended 31 December 2006 as a percentage of the total value of all remuneration received in that same year.

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

(c) Figures in this column are calculated by multiplying the number of performance rights exercised by directors and executives during the year by the share price prevailing on the date the vested performance rights were exercised.

Share rights granted, exercised or lapsed in favour of the managing director and executives during the financial year ended 31 December 2005 was 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, that lapsed during the year $ (d)
Directors				
Mr P Dunai	36%	1,090,000	344,432	–
Executives				
Mr S Bland	33%	207,900	190,550	–
Mr N Detering	23%	173,250	123,600	–
Ms K Gross	52%	173,250	190,550	–
Mr A Rudy	26%	150,150	78,692	–
Mr D Walker	31%	196,350	187,872	–

(a) This figure is calculated on the value of share rights included in remuneration for the year ended 31 December 2005 as a percentage of the total value of all remuneration received in that same year.

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

(c) Figures in this column are calculated by multiplying the number of performance rights exercised by directors and executives during the year by the share price prevailing on the date the vested performance rights were exercised. As all vested performance rights were exercised during the year, this number also represents the value of share based consideration vested during the year.

(d) As the one year performance ranking for performance rights awarded in May 2004 was at the 51st percentile, 12% of Tranche 1's possible 25% were not awarded. If the performance ranking at the end of the 3 year period for the May 2004 series does not exceed the 51st percentile, these unvested performance rights will lapse.

Outline of Employment Contracts for the Managing Director and Executives

Contractual terms for most executives are similar but do vary on occasions. Details of the general contractual terms for executives (Mr S Bland, Ms K Gross, Mr A Rudy, Mr D Walker and Mr A Walsh) are as follows.

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

Directors' Report

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

Criterion	Particulars
Length of contract	5 years from May 2005.
Position	Employed as Managing Director for the year ended 31 December 2007. By mutual agreement with the Board, from December 2007 Mr Dunai's role will either: • continue as managing director for a further period and then as a consultant for the remainder of the term; or • move to the consultant role from January 2008 for the balance of the term.
Resignation	Mr Dunai may terminate his employment contract only for health related reasons during the term.
Incentive arrangements	While employed as Managing Director, Mr Dunai is eligible to participate in the company's short term incentive arrangements. Eligible to participate in the Peter Dunai Performance Rights Plan.
Restraint	A restraint arrangement exists during both Mr Dunai's employment period and for a set post employment period.

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

On behalf of the Directors

Mr P Dunai

Managing Director

MELBOURNE, 23 February 2007

Auditor's Independence Declaration

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The Board of Directors
IRESS Market Technology Limited
Level 20, 360 Collins St
MELBOURNE VIC 3000

23 February 2007

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 2006, 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

DELOITTE TOUCHE TOHMATSU

C. Biermann

C. Biermann
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

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.

Disclosure required by the ASX Corporate Governance Council recommendations	Reference
Functions reserved to the Board and those delegated to management	See Board Responsibilities on page 27
Skills experience and expertise relevant to the position of director	See Board of Directors on page 5
Names of directors considered by the Board to constitute independent directors and IRESS' relevant thresholds	See Board Composition on page 29
Procedure for independent professional advice	See Access to Information and Independent Advice on page 29
Directors' terms of office	See Appointment Term and Other Directorships on page 29
Names of the Nomination Committee members and attendance	See Nomination and Remuneration on page 31
Composition of Board Chairperson and role of Chairman and Managing Director and Chief Executive Officer	See Board Responsibilities on page 27
Code of conduct for directors and executives	See Ethical Standards on pages 27 and 28
Company code of conduct	See Ethical Standards on pages 27 and 28
Securities Trading Policy	See Remuneration on page 30
Audit Committee members, their qualifications and structure of the Audit Committee	See Accountability and Audit on page 31
Audit Committee meetings and attendance	See Directors' Meetings on page 10
Financial statements sign-off	See Accountability and Audit on page 31
Procedures for ASX disclosure requirements	See Continuous Disclosure on page 31 and 32
Shareholder communications strategy	See IRESS' website www.iress.com.au
Attendance of external auditor	See Accountability and Audit on page 31
Risk oversight	See Board Responsibilities on page 27
Risk management and internal controls	See Risk Management on page 28
Performance evaluation	See Nomination and Remuneration on page 31
Company's remuneration policies and disclosure	See the Remuneration Report on pages 11 to 24 and Remuneration on page 30
Retirement benefits for non-executive directors	See Remuneration on page 30

Corporate Governance Statement

Introduction

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

The Company's policies and corporate governance practices are reviewed annually and will continue to be developed and refined to meet the needs of the Company and best practice.

This Corporate Governance Statement outlines the key aspects and mechanisms of IRESS' governance framework, which have been established, and kept under review, by the Board. Summaries of the charters under which the Board and Board committees operate (including a copy of the Audit and Risk Committee charter) and other relevant information referred to in this Corporate Governance Statement are available on IRESS' website www.iress.com.au

Board Responsibilities

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

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.

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.

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.

Ethical Standards

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.

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.

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.

The Company's ethical practices and procedures are reviewed regularly, and processes are in place to promote and communicate these policies within the Company.

Risk Management

Controlling and Managing Risks

All business activities contain an element of risk. IRESS' philosophy toward risk is to identify the risks in advance, determine potential risk mitigation strategies, assess the risk in terms of the risk/reward equation and then determine how to proceed.

The key areas of risk faced by IRESS are:

- operational risk, which arises from inadequate or failed internal processes, people and systems or from external events;
- contractual risk, being the nature of the performance and indemnity requirements in contracts with customers / suppliers;
- occupational Health and Safety risk in respect to our employees; and
- financial risk, which includes fraudulent activities, the risk of financial loss from losing the business of a key customer and/ or the credit risk attached to non-payment by a customer.

Appropriate policies and procedures have been developed to assist in the management of these risk areas. The Board is responsible for approving the Company's risk management strategy and policies. Executive management is responsible for the implementation of the strategy and developing policies, processes and procedures to identify and manage risks.

The Managing Director and the Chief Financial Officer have provided formal statements to the Board confirming that in all material respects:

- the Company's financial statements present a true and fair view of IRESS' and the group's financial position and operational results; and
- the risk management and internal compliance and control systems are sound, appropriate and operating effectively.

Internal Control Framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework that can be described under five headings.

- Financial reporting – there is a comprehensive budgeting system with an annual budget approved by the directors. Monthly actual results are reported against budget or some other benchmark (where considered appropriate) and revised internal forecasts for the year are prepared regularly. Procedures are also in place to ensure that information is reported to the ASX in accordance with Continuous Disclosure Requirements.

- Quality and integrity of personnel – the Company's human resource related policies and procedures are directed towards achieving the highest levels of service and integrity.
- External advice – the Company engages external experts, particularly in the areas of legal, tax and valuation matters to support management in performing their duties.
- Operating controls – procedures including information systems controls are detailed in procedure manuals. Exception and corrective action reports highlight any departures from these procedures.
- Functional specialty reporting – at various times (for example pre and/or post an acquisition), the Board may request additional ad-hoc information to address a particular area of concern or risk.

Board Composition

The Board's policy is that there should be a majority of independent, non–executive directors to ensure that Board discussions or decisions have the benefit of predominantly outside views and experience, and that the majority of directors are free from interests and influences that may create a conflict with their duty to the Company. Maintaining a balance of experience and skills is an important factor in Board composition. Details of the skills, experience and expertise of each director is set out on page 5.

The Board has adopted the definition of independence set out in the Principles of Good Corporate Governance and Best Practice Recommendations released by the ASX Corporate Governance Council in March 2003. The Board has developed guidelines to determine materiality thresholds for the purposes of that definition. Broadly speaking, these guidelines seek to determine whether the director is generally free of any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

The Company currently has five directors, one of whom is an Executive Director (the Managing Director). The remaining four directors are non–executive, all of whom, including the Chairman, are 'independent'. Prior to retiring from the Australian Stock Exchange Limited ('ASX') on 24 July 2006, Mr Richards was considered the only non-executive director who did not meet the Board's definition of independence as the ASX is one of the largest shareholders in the Company.

In the opinion of the Board, the present composition fairly represents the interests of all shareholders in the Company.

Board Access to Information and Independent Advice

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.

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.

Appointment Term and Other Directorships

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.

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.

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.

Corporate Governance Statement

Remuneration

Non–executive directors are paid an annual fee (excluding superannuation at statutory rates) within a fixed amount approved for all non–executive directors by shareholders. The total aggregate annual amount approved for the Company is currently $400,000 per annum, which was set in 2002.

The Company does not pay retirement benefits to directors.

For the period 1 January 2005 to 31 March 2005, directors received an annual fee of $40,000 for Board duties, with the Chairman receiving $70,000; plus superannuation at statutory rates. From 1 April 2005, after having sought advice from an independent consultant, directors' fees were increased to $47,500 for Board duties, with the Chair of the Audit Committee receiving an additional $10,000 and the Chairman receiving $95,000; plus superannuation at statutory rates. 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.

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.

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 24.

Subject to the restriction that persons may not deal in any securities when they are in possession of price–sensitive information, directors and employees generally may only buy or sell the Company's shares in the periods immediately following any price–sensitive announcements, including the half–year and full year results and Annual General Meeting. At other times, directors dealing in the Company's shares must obtain prior approval from the Chairman.

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 9 in the Directors' Report.

Conflict of Interest

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.

Board Committees

The Board has established one standing committee, namely the Audit Committee. Matters relating to issues often addressed by a Nomination and Remuneration Committee at larger publicly listed companies are dealt with by the full Board. The Company has adopted a Nomination and Remuneration charter to define these tasks and responsibilities.

The Board periodically reviews the charter for each of these areas.

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.

Accountability and Audit

The members of the Audit Committee during the year were all non–executive directors and comprised:

- Mr J Killen (Chair);
- Mr A Richards;
- Mr C O'Reilly (resigned 31 August 2006); and
- Mr B Burdett (appointed 4 September 2006).

As noted above, prior to 24 July 2006 Mr A Richards, as nominee director for the Australian Stock Exchange Limited, was not considered an independent non–executive director.

Members of the Audit Committee are financially literate and the Board is of the opinion that the members of the committee possess sufficient financial expertise and knowledge of the industry in which the Company operates. Details of the qualifications of the Audit Committee members are included in the Directors' Report on page 5.

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.

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.

The Chief Financial Officer, other relevant Company officers (as required) and the lead external audit partner participate at meetings of the Audit Committee.

The Board has adopted a policy that the Company's external auditor shall not provide non–audit services that may detract from the external auditor's independence and impartiality or be perceived as doing so. The Board considers the provision by the external auditor's firm of taxation services pertaining to compliance and general taxation advice is consistent with this policy. Any other services provided by the external auditor are reviewed on a case by case basis and must be approved by the Audit Committee in advance.

Nomination and Remuneration

At the December 2003 Board meeting, the Board adopted a Nomination and Remuneration Charter (the Charter) to define the Board's role and responsibility in this area. The Nomination and Remuneration function is to be performed by the full Board.

This Charter provides for periodic review of the structure and performance of the Board, Board committees and individual directors and a framework for changes when necessary. This includes identifying suitable candidates for appointment as non–executive directors. The Charter also addresses matters such as succession and senior executive compensation policy, including short and long–term incentive plans and the Company's recruitment, retention and termination policies. The Charter provides for directors to access the services of independent professional advisers to assist in the search for high–calibre people at all levels and ensure that the terms and conditions offered by the Company are competitive with those offered by comparable companies.

Continuous Disclosure

The Board has a disclosure policy and procedures are 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.

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

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.

Additional Corporate Governance Information

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

Independent Audit Report to the Members of IRESS Market Technology Limited

Deloitte.

Deloitte Touche Tohmatsu
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Scope

The financial report, compensation disclosures and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both IRESS Market Technology Limited (the company) and the consolidated entity, for the financial year ended 31 December 2006 as set out on pages 35 to 93. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the compensation of key management personnel ("compensation disclosures") as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 Related Party Disclosures ("AASB 124"), under the heading "remuneration report" on pages 11 to 24 of the directors' report, and not in the financial report.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Accounting Standards in Australia and the Corporations Act 2001. This includes responsibility for the maintenance of adequate financial records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the preparation and presentation of the compensation disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

Audit approach

We have conducted an independent audit of the financial report and compensation disclosures in order to express an opinion on them to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement and the compensation disclosures comply with AASB 124. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards in Australia and the Corporations Act 2001 so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations, their changes in equity and their cash flows and whether the compensation disclosures comply with AASB 124.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the compensation disclosures in the directors' report, and the evaluation of accounting policies and significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

Independent Audit Report to the Members of IRESS Market Technology Limited

Audit Opinion

In our opinion:

a) the financial report of IRESS Market Technology Limited is in accordance with the Corporations Act 2001, including:

   i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2006 and of their performance for the year ended on that date; and

   ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b) the compensation disclosures that are contained on pages 11 to 24 under the heading "remuneration report" of the directors' report comply with paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 Related Party Disclosures.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Mr C Biermann

Partner

Chartered Accountants

MELBOURNE, 23 February 2007

Liability limited by a scheme approved under Professional Standards Legislation.

Directors' Declaration

In the opinion of the Directors:

a) the attached financial statements and notes thereto comply with Accounting Standards;

b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the consolidated entity;

c) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and

d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by s.295A of the Corporations Act 2001.

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

On behalf of the Directors

Mr P Dunai

Managing Director

MELBOURNE, 23 February 2007

Income Statement
for the Financial Year Ended 31 December 2006

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000	Company 2006 $'000	Company 2005 $'000
Revenue from ordinary activities	2	94,837	73,143	76,971	67,503
Customer data fees		(14,978)	(11,989)	(12,628)	(11,274)
Communication and other technology expenses		(5,299)	(3,292)	(3,521)	(2,959)
Employee related expenses	3	(27,753)	(19,621)	(17,790)	(16,104)
Other expenses including administration expenses		(2,197)	(1,653)	(2,647)	(1,466)
Facilities rent		(1,357)	(787)	(386)	(553)
Bad and doubtful debts		(64)	–	–	–
Business acquisition and discontinuation expenses		(843)	(155)	–	(155)
Depreciation & amortisation expense	2	(6,278)	(4,057)	(2,386)	(1,786)
Share of losses of jointly controlled entities accounted for using the equity method.	25	(227)	(1,850)	–	–
Profit before income tax expense	2	35,841	29,739	37,613	33,206
Income tax expense	4	(11,581)	(10,114)	(12,352)	(10,789)
Profit attributable to the members of the parent entity		24,260	19,625	25,261	22,417
Earnings per Share	5				
Basic earnings per share (cents per share)		22.012	18.174		
Diluted earnings per share (cents per share)		21.308	17.816		

Notes to the financial statements are included on pages 40 to 93.

Balance Sheet
as at 31 December 2006

		Consolidated		Company	
	Note	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Current Assets					
Cash and cash equivalent assets		22,900	38,243	17,752	37,363
Receivables	6	6,583	4,080	4,355	3,556
Current tax assets	4	485	8	–	–
Other financial assets	7	24	–	27,048	6,579
Total current assets		29,992	42,331	49,155	47,498
Non–Current Assets					
Plant and equipment	8	5,778	3,248	3,541	2,891
Computer software	9	13,782	5,418	518	660
Goodwill	10	13,574	–	–	–
Intangibles		41	–	–	–
Deferred tax assets	11	4,592	2,606	1,291	866
Investments accounted for using the equity method	25	–	1,009	–	–
Other financial assets	12	–	–	18,931	13,359
Total non–current assets		37,767	12,281	24,281	17,776
Total assets		67,759	54,612	73,436	65,274
Current Liabilities					
Payables	13	7,613	4,696	4,917	3,732
Current tax payables	14	4,424	4,297	4,347	4,247
Provisions	15	5,074	968	865	770
Total current liabilities		17,111	9,961	10,129	8,749
Non–Current Liabilities					
Provisions	16	541	3,590	454	3,590
Deferred tax liabilities	4	388	284	388	284
Total non–current liabilities		929	3,874	842	3,874
Total liabilities		18,040	13,835	10,971	12,623
Net assets		49,719	40,777	62,465	52,651
Equity					
Issued capital	18	20,694	17,709	20,694	17,709
Reserves	19	6,599	3,586	7,402	4,345
Retained earnings	20	22,426	19,482	34,369	30,597
Total equity		49,719	40,777	62,465	52,651

Notes to the financial statements are included on pages 40 to 93.

Statement of Changes in Equity
for the Year Ended 31 December 2006

	2006					2005				
	Issued capital $'000	Retained earnings $'000	Share based payments reserve $'000	Foreign currency translation reserve $'000	Total $'000	Issued capital $'000	Retained earnings $'000	Share based payments reserve $'000	Foreign currency translation reserve $'000	Total $'000
Consolidated										
Opening balance	17,709	19,482	4,345	(759)	40,777	13,965	17,671	1,936	(297)	33,275
Profit for the year	–	24,260	–	–	24,260	–	19,625	–	–	19,625
Impact of acquiring control of jointly controlled entities	–	173	–	–	173	–	–	–	–	–
Increase/(decrease) in translation reserve arising on translation of foreign operations	–	–	–	(44)	(44)	–	–	–	(462)	(462)
Total recognised income/(expense) for the year	–	24,433	–	(44)	24,389	–	19,625	–	(462)	19,163
Exercise of options/performance rights	2,985	–	–	–	2,985	3,744	–	–	–	3,744
Cost of share-based payments	–	–	3,057	–	3,057	–	–	2,409	–	2,409
Equity dividends	–	(21,489)	–	–	(21,489)	–	(17,814)	–		(17,814)
Closing balance	20,694	22,426	7,402	(803)	49,719	17,709	19,482	4,345	(759)	40,777
Company										
Opening balance	17,709	30,597	4,345	–	52,651	13,965	25,994	1,936	–	41,895
Profit for the year	–	25,261	–	–	25,261	–	22,417	–	–	22,417
Total recognised income/(expense) for the year	–	25,261	–	–	25,261	–	22,417	–	–	20,417
Exercise of options/performance rights	2,985	–	–	–	2,985	3,744	–	–	–	3,744
Cost of share-based payments	–	–	3,057	–	3,057	–	–	2,409	–	2,409
Equity dividends	–	(21,489)	–	–	(21,489)	–	(17,814)	–	–	(17,814)
Closing balance	20,694	34,369	7,402	–	62,465	17,709	30,597	4,345	–	52,651

Notes to the financial statements are included on pages 40 to 93.

Cash Flow Statement
for the Year Ended 31 December 2006

		Consolidated		Company	
		Inflows (outflows)		Inflows (outflows)	
	Note	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Cash Flows from Operating Activities					
Receipts from customers		99,729	76,955	78,382	68,143
Payments to suppliers and employees		(54,619)	(40,760)	(37,985)	(32,783)
Interest and bill discounts received		1,528	1,580	1,363	1,564
Income tax paid		(12,649)	(9,208)	(12,556)	(9,076)
Net cash provided by operating activities	22	33,989	28,567	29,204	27,848
Cash Flows from Investing Activities					
Payment for plant and equipment		(4,620)	(2,979)	(3,209)	(2,654)
Deferred payment for acquisition of subsidiary		(3,242)	(600)	(3,242)	(600)
Payment for acquisition of subsidiaries	23	(23,026)	–	–	–
Amounts advanced to related parties		–	–	(23,850)	–
Proceeds from sale of plant and equipment		1	1	1	1
Net cash used in investing activities		(30,887)	(3,578)	(30,300)	(3,253)
Cash Flows from Financing Activities					
Proceeds from issues of equity securities		2,985	3,744	2,985	3,744
Dividends paid		(21,500)	(17,804)	(21,500)	(17,804)
Net cash used in financing activities		(18,515)	(14,060)	(18,515)	(14,060)
Net increase/(decrease) in cash held		(15,413)	10,929	(19,611)	10,535
Cash at the beginning of the financial year		38,243	27,329	37,363	26,828
Effects of exchange rate changes on the balance of cash held in foreign currencies		70	(15)	–	–
Cash at the end of the financial year		22,900	38,243	17,752	37,363

Notes to the financial statements are included on pages 40 to 93.

Notes to the Financial Statements for the Year Ended 31 December 2006

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 consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards ('IFRS'). The parent entity financial statements and notes also comply with IFRS except for the disclosure requirements in IAS 32 'Financial Instruments: Disclosure and Presentation' as the Australian equivalent Accounting Standard, AASB 132 'Financial Instruments: Disclosure and Presentation' does not require such disclosures to be presented by the parent entity where its separate financial statements are presented together with the consolidated financial statements of the consolidated entity.

The financial statements were authorised for issue by the directors on 23 February 2007.

Basis of Preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of A-IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Summary of Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and short term, highly liquid investments in money market instruments that are readily convertible to known amounts of cash. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

b) Employee benefits

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

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

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

Contributions to defined contribution superannuation plans are expensed when incurred.

c) Financial assets

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

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

Loans and receivables

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

d) Foreign currency

Foreign currency transactions

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

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

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

Foreign operations

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after the date of transition to A-IFRS are treated as assets and liabilities of the foreign entity and translated at exchange rates prevailing at the reporting date.

e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

f) Goodwill

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

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

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

g) Income tax

Current tax

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

Deferred tax

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

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

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

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

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

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

Current and deferred tax for the period

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

Tax consolidation

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

Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in note 4 to the financial statements. Where the tax contribution amount recognised by each member of the tax consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

h) Intangible assets

Intangible assets acquired in a business combination

All potential intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

Amortisation is provided on identifiable intangibles and is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value.

The following estimated useful lives are used in the calculation of amortisation of identifiable intangibles.

- Computer software 1 year to 5 years
- Customer list 2 years to 3 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

i) Impairment of assets

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rat 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.

j) Joint ventures

Interests 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.

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.

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 exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

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

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

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 is reviewed at the end of each annual reporting period.

Useful life

The estimated useful lives, residual values and depreciation method is 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.

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 option plan and performance right plans (refer notes 36 to 38) 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) Financial instruments issued by the Company

Debt and equity instruments

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

Transaction costs on the issue of equity instruments

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

Interest and dividends

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

s) Adoption of new and revised Accounting Standards

In the current year the group 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 2006. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Group's accounting policies.

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

▪ AASB 7 'Financial Instruments: Disclosure'	Effective for annual reporting periods beginning on or after 1 January 2007
▪ AASB 101 'Presentation of Financial Statements' – revised standard	Effective for annual reporting periods beginning on or after 1 January 2007
▪ AASB 2005-10 'Amendment to Australian Accounting Standards' – consequently amendments to other accounting standards resulting from the issue of AASB 7	Effective for annual reporting periods beginning on or after 1 January 2007
▪ Interpretation 7 'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'	Effective for annual reporting periods beginning on or after 1 March 2006
▪ Interpretation 8 'Scope of AASB 2'	Effective for annual reporting periods beginning on or after 1 May 2006
▪ Interpretation 9 'Reassessment of Embedded Derivatives'	Effective for annual reporting periods beginning on or after 1 June 2006
▪ Interpretation 10 'Interim Financial Reporting and Impairment'	Effective for annual reporting periods beginning on or after 1 November 2006
▪ Interpretation 11 'Group and Treasury Share Transactions'	Effective for annual reporting periods beginning on or after 1 March 2007
▪ Interpretation 12 'Service Concession Arrangements'	Effective for annual reporting periods beginning on or after 1 January 2008

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the company or the Group, as the issue of Interpretation 7, Interpretation 8 and Interpretation 9 do not affect its present policies and operations. The Group did not recognise any impairment losses in its half year results and accordingly, Interpretation 10, which prohibits the reversal of certain impairment losses, is not expected to impact on the company or the Group's future financial statements.

The application of AASB 101 (revised), AASB 7 and AASB 2005-10 will not have any affect on the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the company and the Group's financial instruments and the objectives, policies and processes for managing capital.

	Consolidated		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'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	92,672	70,239	71,454	62,007
Other revenue	703	1,319	2,985	3,538
	93,375	71,558	74,439	65,545
Interest revenue	1,462	1,585	2,532	1,958
Total revenues from ordinary activities	94,837	73,143	76,971	67,503
Expenses				
Net transfers to/(from) bad and doubtful debts provisions arising from				
Other entities	64	–	–	–
Depreciation of non–current assets				
Plant and equipment	2,473	1,374	1,784	1,247
Amortisation of non–current assets				
Computer software	3,744	2,683	604	539
Other intangibles	61	–	–	–
Operating lease rental expenses				
Minimum lease payments	1,300	1,241	1,103	1,174
Net foreign exchange (gain)/loss	(326)	(457)	763	(452)
Sales of assets in the ordinary course of business have given rise to the following (profits)/losses				
Plant and equipment	3	(1)	1	(1)

	Consolidated		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000

3. Employee related expenses

	Consolidated 2006 $'000	Consolidated 2005 $'000	Company 2006 $'000	Company 2005 $'000
Employee related expenses can be broken down as follows				
Total monetary based expense (a)	23,507	16,283	13,896	12,957
Superannuation	1,189	929	837	738
Share based payment expense (b)	3,057	2,409	3,057	2,409
Total employee related expense	27,753	19,621	17,790	16,104

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

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

4. Income Tax

Income Tax Recognised in Profit or Loss

	Consolidated 2006 $'000	Consolidated 2005 $'000	Company 2006 $'000	Company 2005 $'000
Tax expense/(income) comprises				
Current tax expense/(income)	11,895	10,300	12,610	10,518
Adjustments recognised in the current year in relation to the current tax of prior years	(41)	67	63	52
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	(499)	(347)	(321)	219
Effect of different tax rates	226	94	–	–
Total tax expense/(income)	11,581	10,114	12,352	10,789

	Consolidated		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows				
Profit from continuing operations	35,841	29,739	37,613	33,206
Income tax expense calculated at 30%	10,752	8,922	11,284	9,962
Non deductible expenses	1,204	1,058	1,005	775
Other	–	67	–	–
Previously unrecognised tax losses now recognised as deferred tax assets	(334)	–	–	–
(Over)/under provision of income tax in previous year	(41)	67	63	52
Income tax expense	11,581	10,114	12,352	10,789

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Income Tax Recognised Directly in Equity

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

Current Tax Assets and Liabilities

	Consolidated 2006 $'000	Consolidated 2005 $'000	Company 2006 $'000	Company 2005 $'000
Current tax assets				
Tax refund receivable	485	8	–	–
	485	8	–	–
Current tax payables				
Income tax payable attributable to				
Parent entity	(5,095)	(4,599)	(5,095)	(4,599)
Entities in the tax-consolidated group	748	352	748	352
Other entities	(77)	(50)	–	–
	(4,424)	(4,297)	(4,347)	(4,247)
	(3,939)	(4,289)	(4,347)	(4,247)

	Consolidated		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Deferred Tax Balances				
Deferred tax assets comprise				
Tax losses - revenue	900	–	–	–
Temporary differences	3,692	2,606	1,291	866
	4,592	2,606	1,291	866
Deferred tax liabilities comprise				
Temporary differences	(388)	(284)	(388)	(284)
	(388)	(284)	(388)	(284)

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

	Consolidated						
2006	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Acquisitions /disposals $'000	Exchange differences $'000	Changes in tax rate $'000	Closing balance $'000
Gross deferred tax liabilities							
Other financial assets	(260)	(123)	–	–	–	–	(383)
Sundry receivables	(24)	19	–	–	–	–	(5)
	(284)	(104)	–	–	–	–	(388)
Gross deferred tax assets							
Doubtful debts	93	35	–	–	–	–	128
Other financial assets	5	–	–	–	–	–	5
Plant and equipment	1,011	1,566	–	–	–	–	2,577
Payables	72	90	–	–	–	–	162
Provisions	1,422	(1,087)	–	483	–	–	818
Other liabilities	3	(1)	–	–	–	–	2
	2,606	603	–	483	–	–	3,692

2005	Consolidated Opening balance $'000	Charged to income $'000	Charged to equity $'000	Acquisitions /disposals $'000	Exchange differences $'000	Changes in tax rate $'000	Closing balance $'000
Gross deferred tax liabilities							
Other financial assets	(146)	(114)	–	–	–	–	(260)
Sundry receivables	(23)	(1)	–	–	–	–	(24)
	(169)	(115)	–	–	–	–	(284)
Gross deferred tax assets							
Doubtful debts	99	(6)	–	–	–	–	93
Other financial assets	182	(177)	–	–	–	–	5
Plant and equipment	1,411	(400)	–	–	–	–	1,011
Payables	47	25	–	–	–	–	72
Provisions	402	1,020	–	–	–	–	1,422
Other liabilities	3	–	–	–	–	–	3
	2,144	462	–	–	–	–	2,606

2006	Company Opening balance $'000	Charged to income $'000	Charged to equity $'000	Acquisitions /disposals $'000	Exchange differences $'000	Changes in tax rate $'000	Closing balance $'000
Gross deferred tax liabilities							
Other financial assets	(260)	(123)	–	–	–	–	(383)
Sundry receivables	(24)	19	–	–	–	–	(5)
	(284)	(104)	–	–	–	–	(388)
Gross deferred tax assets							
Doubtful debts	84	–	–	–	–	–	84
Other financial assets	–	241	–	–	–	–	241
Plant and equipment	326	99	–	–	–	–	425
Payables	64	42	–	–	–	–	106
Provisions	392	43	–	–	–	–	435
	866	425	–	–	–	–	1,291

	Company						
2005	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Acquisitions /disposals $'000	Exchange differences $'000	Changes in tax rate $'000	Closing balance $'000
Gross deferred tax liabilities							
Other financial assets	(146)	(114)	–	–	–	–	(260)
Sundry receivables	(23)	(1)	–	–	–	–	(24)
	(169)	(115)	–	–	–	–	(284)
Gross deferred tax assets							
Doubtful debts	88	(4)	–	–	–	–	84
Other financial assets	60	(60)	–	–	–	–	–
Plant and equipment	427	(101)	–	–	–	–	326
Payables	42	22	–	–	–	–	64
Provisions	353	39	–	–	–	–	392
	970	(104)	–	–	–	–	866

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 31.

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.

5. Earnings per Share

	2006 Cents per share	2005 Cents per share
Basic earnings per share	22.012	18.174
Diluted earnings per share	21.308	17.816

Basic Earnings per Share

		2006 '000	2005 '000
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows			
Earnings used in the calculation of basic earnings per share reconciles to profit attributable to the members of the parent entity in the income statement	$	24,260	19,625
Weighted average number of ordinary shares (a)	No.	110,212	107,982

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

Diluted Earnings per Share

		2006 '000	2005 '000
The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows			
Earnings used in the calculation of diluted earnings per share reconciles to profit attributable to the members of the parent entity in the income statement	$	24,260	19,625
Weighted average number of ordinary shares (refer to footnote (a) above)	No.	113,852	110,152
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		110,212	107,982
Shares deemed to be issued for no consideration in respect of performance rights and employee options (i.e. the dilutive impact of options in existence during the year that were exercisable at below the weighted average market price) (a)		3,640	2,170
Weighted average number of ordinary shares used in the calculation of diluted EPS		113,852	110,152
Weighted average number of converted, lapsed, or cancelled potential ordinary shares used in the calculation of diluted earnings per share			
Option to purchase ordinary shares pursuant to the employee share scheme		163	68

(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 2006 continues at that level through to the final vesting date for the applicable performance right.

	Consolidated 2006 $'000	Consolidated 2005 $'000	Company 2006 $'000	Company 2005 $'000
6. Current Receivables				
Trade receivables	6,034	3,468	3,993	3,140
Allowance for doubtful debts	(428)	(309)	(280)	(281)
	5,606	3,159	3,713	2,859
Sundry receivables and prepayments	977	921	642	697
	6,583	4,080	4,355	3,556

7. Other Current Financial Assets

	Consolidated 2006 $'000	Consolidated 2005 $'000	Company 2006 $'000	Company 2005 $'000
Non–trade receivables from				
Wholly owned subsidiaries	–	–	27,036	6,579
Other assets	24	–	12	–
	24	–	27,048	6,579

8. Plant and Equipment

	Consolidated				
	Leasehold improvements $'000	Furniture & fittings $'000	Computer equipment $'000	Office equipment $'000	Total $'000
Gross carrying amount (Cost)					
Balance at beginning of financial year	1,039	223	9,731	106	11,099
Additions	235	167	4,112	2	4,516
Additions through business combination	76	46	335	35	492
Disposals/adjustments	–	–	(46)	–	(46)
Balance at end of financial year	1,350	436	14,132	143	16,061
Accumulated depreciation					
Balance at beginning of financial year	(545)	(218)	(7,000)	(88)	(7,851)
Disposals	–	–	41	–	41
Depreciation expense	(217)	(30)	(2,212)	(14)	(2,473)
Balance at end of financial year	(762)	(248)	(9,171)	(102)	(10,238)
Net book value					
At 31 December 2005	494	5	2,731	18	3,248
At 31 December 2006	588	188	4,961	41	5,778

Notes to the Financial Statements for the Year Ended 31 December 2006

	Company				
	Leasehold improve–ments $'000	Furniture & fittings $'000	Computer equipment $'000	Office equipment $'000	Total $'000
Gross carrying amount (Cost)					
Balance at beginning of financial year	1,038	222	9,182	95	10,537
Additions	1	2	2,441	1	2,445
Disposals	–	–	(43)	–	(43)
Balance at end of financial year	1,039	224	11,580	96	12,939
Accumulated depreciation					
Balance at beginning of financial year	(544)	(217)	(6,799)	(86)	(7,646)
Disposals	–	–	32	–	32
Depreciation expense	(199)	(4)	(1,575)	(6)	(1,784)
Balance at end of financial year	(743)	(221)	(8,342)	(92)	(9,398)
Net book value					
At 31 December 2005	494	5	2,383	9	2,891
At 31 December 2006	296	3	3,238	4	3,541

	Consolidated		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'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	217	97	199	96
Furniture and fittings	30	5	4	5
Computer equipment	2,212	1,260	1,575	1,136
Office equipment	14	12	6	10
	2,473	1,374	1,784	1,247

Notes to the Financial Statements
for the Year Ended 31 December 2006

	Consolidated		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
9. Computer Software				
Gross carrying amount (Cost)				
Balance at beginning of financial year	21,615	21,408	10,575	10,368
Additions	824	207	462	207
Additions through business combination	11,284	–	–	–
Disposals	–	–	–	–
Balance at end of financial year	33,723	21,615	11,037	10,575
Accumulated amortisation				
Balance at beginning of financial year	(16,197)	(13,514)	(9,915)	(9,376)
Disposals	–	–	–	–
Amortisation expense	(3,744)	(2,683)	(604)	(539)
Balance at end of financial year	(19,941)	(16,197)	(10,519)	(9,915)
Net book value				
At 31 December	13,782	5,418	518	660
Aggregate amortisation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year	3,744	2,683	604	539

10. Goodwill

Gross Carrying Amount

Balance at beginning of the financial year	–	–	–	–
Additional amounts recognised from business combinations occurring during the period	13,574	–	–	–
Balance at end of financial year	13,574	–	–	–

There are no accumulated impairment losses.

Allocation of goodwill to cash generating units

Goodwill has been allocated for impairment testing purposes to both the Information Services – Canada, and Financial Planning individual cash generating units.

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

	Consolidated	
	2006 $'000	2005 $'000
Information Services – Canada (a)	10,125	–
Financial Planning (a)	3,449	–
Balance at end of financial year	13,574	–

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

Information Services – Canada

The recoverable amount of the Information Services – Canada unit has been determined based on a value in use calculation using cash flow projections based on the budgets approved by management for the twelve months ending 31 December 2007.

In accordance with AASB136 'Impairment of Assets', impairment testing was completed as at 31 December 2006 and no impairment of goodwill was indicated.

Financial Planning

The recoverable amount of the Financial Planning unit has been determined based on a value in use calculation using cash flow projections based on the budgets approved by management for the twelve months ending 31 December 2007.

In accordance with AASB136 'Impairment of Assets', impairment testing was completed as at 31 December 2006 and no impairment of goodwill was indicated.

11. Deferred Tax Assets

	Consolidated		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Temporary differences attributable to				
Parent entity	1,291	866	1,291	866
Entities in the tax consolidated group (a)	2,144	1,737	–	–
Other entities (b)	257	3	–	–
Tax losses – other entities	900	–	–	–
	4,592	2,606	1,291	866

(a) Entities in the tax consolidation group have entered into a tax sharing agreement (note 31).

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

	Consolidated		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000

12. Other Non-Current Financial Assets

Investment in subsidiaries (refer note 31)				
At cost	–	–	18,931	13,359

13. Current Payables

Trade payables	4,197	2,635	3,047	2,112
Sundry creditors and accruals	3,434	2,068	1,888	1,627
Other creditors	(18)	(7)	(18)	(7)
	7,613	4,696	4,917	3,732

14. Current Tax Payables

Income tax payable attributable to				
Parent entity	5,095	4,599	5,095	4,599
Entities in the tax consolidated group (a)	(748)	(352)	(748)	(352)
Other entities	77	50	–	–
	4,424	4,297	4,347	4,247

(a) Entities in the tax consolidated group have entered into a tax sharing agreement (note 31).

15. Current Provisions

Employee benefits (note 26)	1,557	945	852	747
Dividends (note17)	13	23	13	23
Restructuring and termination costs	523	–	–	–
Provision for PlanTech final payment (note 23)(a)	2,981	–	–	–
	5,074	968	865	770

(a) Under the PlanTech purchase agreement. $12m, (plus the $1.26m for net working capital adjustments) was payable, with a further $3m payable on 22 September 2007. This second payment amount is supported by a letter of credit.

16. Non-Current Provisions

	Consolidated		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Employee benefits (note 26)	541	348	454	348
Provision for Xplan final payment	–	3,242	–	3,242
	541	3,590	454	3,590

17. Provisions

	Consolidated	Company
	Dividend (a) $'000	Dividend (a) $'000
Balance at 31 December 2005	23	23
Additional provisions recognised	21,489	21,489
Reductions arising from payments/other sacrifices of future economic benefits	(21,499)	(21,499)
Balance at 31 December 2006	13	13
Current (note 15)(a)	13	13
	13	13

(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 2006, the balance represents unpresented dividend cheques.

18. Issued Capital

	Consolidated		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Issued Capital				
111,701,900 fully paid ordinary shares (2005: 109,219,448)	20,694	17,709	20,694	17,709

	2006		2005	
	No. '000	$'000	No. '000	$'000
Fully Paid Ordinary Share Capital				
Balance at beginning of financial year	109,219	17,709	106,489	13,965
Issue of shares under Employee Option Plan (note 39)	1,382	2,985	2,159	3,744
Issue of shares under Performance Rights Plans (notes 37 and 38)(a)	1,101	–	571	–
Balance at end of financial year	111,702	20,694	109,219	17,709

(a) Additional Issued Capital arising from the issue of these shares in the years ended 31 December 2006 and 31 December 2005 amounted to $99 and $104 respectively.

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

Performance Rights and Share Options

Performance rights have been granted to the Managing Director, executives and employees of the Consolidated Entity. These performance rights will vest over time subject to satisfying the criteria set out in the relevant performance rights plan rules (refer notes 37 and 38). Once vested, the holder of the performance right is required to pay $1 per series to exercise the performance right (refer notes 37 and 38).

During the year 1,381,702 options with an exercise price of $2.16 were exercised in accordance with the Employee Option Plan rules (refer note 39).

19. Reserves

	Consolidated		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Reserves Comprise				
Share based payments reserve	7,402	4,345	7,402	4,345
Foreign currency translation reserve	(803)	(759)	–	–
	6,599	3,586	7,402	4,345

Movements in Share Based Payments Reserves

Balance at beginning of financial year	4,345	1,936	4,345	1,936
Share based payments expense	3,057	2,409	3,057	2,409
Balance at end of financial year	7,402	4,345	7,402	4,345

The share based payment reserve arises on recognition of the share based payment expense following the grant of performance rights to employees (including the managing director) under the applicable performance rights plan.

Movements in Foreign Currency Translation Reserves

Balance at beginning of financial year	(759)	(297)	–	–
Transfer to retained profits	–	–	–	–
Translation of foreign operations	(44)	(462)	–	–
Balance at end of financial year	(803)	(759)	–	–

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).

20. Retained Earnings

Balance at beginning of financial year	19,482	17,671	30,597	25,994
Net profit attributable to members of the parent entity	24,260	19,625	25,261	22,417
Dividends provided for or paid	(21,489)	(17,814)	(21,489)	(17,814)
Impact of acquiring control of jointly controlled entities	173	–	–	–
Balance at end of financial year	22,426	19,482	34,369	30,597

21. Dividends

	31 December 2006		31 December 2005	
	Cents per share	Total $'000	Cents per share	Total $'000
Fully paid ordinary shares				
Recognised amounts				
Interim dividend fully franked at 30%	8.0	8,929	6.5	7,095
Final dividend fully franked at 30% (a)	11.5	12,560	10.0	10,719
		21,489		17,814
Unrecognised amounts				
Final dividend fully franked at 30% (b)	13.0	15,080	11.5	12,560
		15,080		12,560

(a) This relates to the dividend paid based on the prior year's results. Where applicable, amounts provided have been amended to reflect the actual dividend paid.

(b) The estimated value of the 2006 final dividend has been calculated based on 111,701,900 ordinary shares.

	Company	
	2006 $'000	2005 $'000
Adjusted franking account balance (a)	14,553	11,220

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

22. Notes to the Cash Flow Statement

Reconciliation of Cash

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows

	Consolidated		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Cash	22,900	38,243	17,752	37,363

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

	Consolidated 2006 $'000	Consolidated 2005 $'000	Company 2006 $'000	Company 2005 $'000
Profit for the period	24,260	19,625	25,261	22,417
(Profit)/loss on sale of non–current assets	1	(1)	1	(1)
Share of jointly controlled entities' loss	227	1,850	–	–
Depreciation and amortisation of non–current assets	6,278	4,057	2,386	1,786
Doubtful debts expense	64	–	–	–
Net foreign exchange (gain)/loss	(326)	(457)	763	(452)
Equity settled share based payments	3,057	2,409	3,057	2,409
Increase/(decrease) in deferred tax balances	603	347	321	229
Changes in net assets and liabilities, net of effect of acquisitions				
(Increase)/decrease in assets				
current receivables	(775)	(1,685)	(799)	(1,282)
other current assets	(1,198)	(435)	(3,282)	528
Increase/(decrease) in liabilities				
current trade payables	1,728	756	1,185	343
other non–current liabilities	193	99	106	99
other provisions	(372)	348	105	286
current tax liability	249	1,654	100	1,944
Net cash from operating activities	33,989	28,567	29,204	27,848

Subsidiaries Acquired During the Year

During the year, the consolidated entity acquired some subsidiaries (refer note 23). The net outflow on acquisition was $23.026m.

Also, the consolidated entity made the final deferred payment for the acquisition of Xplan Technology Pty Ltd of $3.242m (refer note 16).

23. Acquisition of Businesses

Canada

On 1 April 2006, IRESS Canada Holdings Limited acquired the remaining shares in IRESS KTG Canada Holdings Corp and the remaining partnership interest in IRESS KTG Canada Lp. At the same time IRESS (Ontario) Limited (a wholly owned subsidiary of IRESS Canada Holdings Limited) acquired the remaining shares in KTG Technology Corp. Collectively these interests were acquired for a total of $11.262m (CAD 9.500m) satisfied in cash (including AUD 0.672m of cash left in the business). These entities were previously owned jointly with ITG Canada Corp. and collectively were previously referred to as the Canadian joint venture.

These acquisitions had the following effect on the consolidated entity's assets and liabilities:

Name of business acquired / incorporated	Principal activity	Proportion of interest acquired	Cost of acquisition $'000	Goodwill recognised $'000
KTG Technology Corp. (a)	Provision of execution terminals to the Canadian equity markets	50%	590	–
IRESS Market Technology Canada Lp (formerly IRESS KTG Canada Lp) (a)(b)	Development and commercialisation of IRESS technologies in Canada	50%	10,672	10,125
IRESS (LP) Holdings Corp. (formerly IRESS KTG Canada Holdings Corp.) (a)(b)	General partner to IRESS Market Technology Canada Lp	50%	–	–
			11,262	10,125

(a) These entities prior to 1 April 2006 were jointly controlled and equity accounted for.

(b) These name changes became effective on 8 May 2006.

In its acquisition of IRESS Market Technology Canada Lp, IRESS Canada Holdings Limited paid a premium to the fair value of the net assets acquired. Goodwill was recognised on acquisition. Goodwill represents the anticipated future earning capacity of the business which results from revenue growth and new customers relationships. Revenue growth and new customer relationships are not separately recognised from goodwill as the future economic benefits arising from them can not be reliably measured.

Additional details on the assets and liabilities acquired are as follows.

Fair value of net assets acquired (a)	KTG Technology Corp. $'000	IRESS Market Technology Canada Lp $'000	IRESS (LP) Holdings Corp. $'000	Total Fair Value on Acquisition $'000
Current Assets				
Cash and cash equivalent assets	371	300	1	672
Receivables	166	78	–	244
Other financial assets	6	–	–	6
Current tax receivables	–	8	–	8
Non-Current Assets				
Plant and equipment	105	476	–	581
Customer List	40	–	–	40
Other financial assets	–	–	–	–
Current Liabilities				
Payables	(98)	(315)	(1)	(414)
	590	547	–	1,137
Goodwill on acquisition				10,125
				11,262

(a) There were no fair value adjustments to the book value of the assets acquired.

In its acquisition of IRESS Market Technology Canada LP, IRESS Canada Holdings Limited 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.

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 acquisition of the remaining interests on the Canadian joint venture, which needs to be disclosed as at the reporting date.

PlanTech

On 22 September 2006, Xplan Technology Pty Ltd acquired 100% of PlanTech Holdings Pty Ltd and its subsidiaries. The PlanTech group provides risk (life insurance) analysis and analytics to financial planners, primarily based in Australia, but also with operations in New Zealand and the Republic of South Africa. PlanTech was acquired for a total of $16.523m (including $1.087m of cash left in the business and acquisition costs of $0.263m), of which $13.523m was satisfied in cash and $3.000m has been deferred to 22 September 2007.

Following a rationalisation of activities performed by PlanTech upon completion of the transaction, once-off staff retrenchment costs of $0.378m were incurred.

Details on the assets and liabilities acquired are as follows.

Fair value of net assets acquired (a)	PlanTech Holdings Pty Ltd (Consolidated) $'000	Adjustments (a)(b) $'000	Total fair value recognised on acquisition (c) $'000
Current Assets			
Cash and cash equivalent assets	1,087	–	1,087
Receivables	1,484	–	1,484
Tax assets	599	–	599
Non-Current Assets			
Plant and equipment	252	–	252
Computer Software	10	11,440	11,450
Goodwill on acquisition	–	3,449	3,449
Intangibles	1	–	1
Deferred tax assets	483	–	483
Current Liabilities			
Payables	(775)	–	(775)
Provisions	(1,507)	–	(1,507)
	1,634	14,889	16,523

(a) Other than for Software, there were no fair value adjustments to the book value of the assets acquired.

(b) In its acquisition of PlanTech Holdings Pty Ltd, Xplan Technology Pty Ltd paid a premium to the fair value of the net assets acquired. Goodwill was recognised on this acquisition, as other possible classes of intangible assets did not meet the criteria for recognition as at the date of acquisition. Goodwill represents, amongst other things, the anticipated future earnings capacity of the assets acquired.

(c) The fair value of the net asset acquired, including good will arising on the acquisition, has been provisionally determined. As at the date of this report, the Director have not finalised their assessment of fair value.

The following table sets out the cash flow impact of both the Canadian and PlanTech acquisitions:

	Canada $'000	PlanTech $'000	Total cost of acquisition $'000
Total consideration	11,262	16,523	27,785
Less provision for second payment	–	(3,000)	(3,000)
Cash paid	11,262	13,523	24,785
Less cash and cash equivalent balances acquired	(672)	(1,087)	(1,759)
Net cash outflow on acquisition	10,590	12,436	23,026

24. Segment Information

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

Information Services

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

In addition, this segment of the consolidated entity has operations in Canada which provides execution and order routing services in Canada, and has developed a version of the IRESS information services product offering for the Canadian equity markets. These are based in Toronto, with much of the software development work performed in Australia. Prior to acquiring control of these operations on 1 April 2006, they were accounted for using the equity accounting method.

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

Financial Planning Services

In this segment the consolidated entity provides financial planning systems and related tools to wealth management professionals located in Australia and New Zealand. From 22 September 2006 the financial services segment of the consolidated entity was expanded to incorporate the acquisition of PlanTech Holdings Pty Ltd (refer note 23). As a result of which, this segment obtained among other things, operations in the Republic of South Africa.

Notes to the Financial Statements for the Year Ended 31 December 2006

Segment Revenues

	External sales		Inter-segment sales (a)		Total	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Information services						
Australia and New Zealand	75,798	65,382	–	670	75,798	66,052
Canada (b)	6,883	–	–	–	6,883	–
Total information services	82,681	65,382	–	670	82,681	66,052
Financial planning	9,991	4,857	–	(670)	9,991	4,187
Total of all segments	92,672	70,239	–	–	92,672	70,239
Interest					1,462	1,585
Eliminations					–	–
Unallocated					703	1,319
Consolidated					94,837	73,143

(a) Other sales relate to inter-segment software usage provided on an arm's length basis. Charges commenced 1 January 2005. This practice was discontinued in July 2005.

(b) Prior to 1 April 2006 Canadian operations were equity accounted.

Segment Results

	2006 $'000	2005 $'000
Information services		
Results from wholly owned operations		
Australia and New Zealand	34,619	29,363
Canada	(1,239)	–
Share of net losses of equity accounted investments (a)	(228)	(1,850)
Financial planning	1,227	641
Total of all segments	34,379	28,154
Eliminations	–	–
Interest	1,462	1,585
Profit before income tax expense	35,841	29,739
Income tax expense	(11,581)	(10,114)
Profit attributable to the members of the parent entity	24,260	19,625

(a) Only applies to Canada for the period to 31 March 2006.

Notes to the Financial Statements for the Year Ended 31 December 2006

Other Segment Information

	Information services		Financial planning	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Carrying value of investments accounted for using the equity method	–	1,009	–	–
Acquisition of property, plant and equipment, intangible assets and other non-current assets	24,384	2,428	15,430	320
Depreciation	2,160	1,247	313	127
Amortisation	2,785	2,681	959	2

25. Investments Accounted for using the Equity Method

On 1 April 2006, IRESS Canada Holdings Limited (a wholly owned subsidiary), either directly or through a wholly owned subsidiary, increased its ownership interests in the following entities from 50% to 100%, KTG Technology Corp., IRESS Market Technology Canada Lp (formerly IRESS KTG Canada Lp) and IRESS (LP) Holdings Corp. (formerly IRESS KTG Canada Holdings Corp.). For the period to 31 March 2006, investments in these entities were accounted for using the equity method.

The consolidated entity did not have any other investments accounted for using the equity method during the year.

	Consolidated	
	2006 $'000	2005 $'000
Share of Jointly Controlled Entities' Losses		
Share of jointly controlled entities'		
Earnings before interest, tax, depreciation and amortisation	(76)	104
Interest revenue	6	18
Depreciation of non-current assets	(58)	(130)
Amortisation of non-current assets	(10)	(1,776)
Share of net profit/(loss) before income tax	(138)	(1,784)
Income tax attributable to net loss	(90)	(66)
Share of net profit/(loss) after income tax (pre-acquiring control)	(228)	(1,850)
Movement in Investments in Jointly Controlled Entities		
Equity accounted amount of investment at the beginning of the financial year	1,009	2,858
Share of profit /(loss) before income tax expense	(138)	(1,784)
Share of income tax expense	(90)	(66)
Share of increments in reserves	–	1
Impact of acquiring control	(781)	–
Equity accounted amount of investment at the end of the financial year	–	1,009

	Consolidated	
	2006 $'000	2005 $'000
Summarised Financial Position of Jointly Controlled Entities		
Current assets	–	964
Non-current assets	–	343
Current liabilities	–	(298)
Non-current liabilities	–	–
Net assets	–	1,009

Share of Reserves Attributable to Jointly Controlled Entities

Retained earnings		
Balance at beginning of financial year	(5,885)	(4,035)
Share of jointly controlled entities' net profit/(loss)	(228)	(1,850)
Dividends received from jointly controlled entities	–	–
Impact of acquiring control	6,113	–
Balance at the end of the financial year	–	(5,885)
Foreign currency translation reserve		
Balance at the beginning of the financial year	(4)	(5)
Share of jointly controlled entities' reserves	(1)	1
Impact of acquiring control	5	–
Balance at the end of the financial year	–	(4)

Contingent Liabilities and Capital Commitments

The consolidated entity does not hold any jointly controlled investments as at 31 December 2006, accordingly, there are no contingent liabilities, capital commitments or other expenditure commitments arising through jointly controlled entities at that date.

There were no contingent liabilities, capital commitments or other expenditure commitments arising through jointly controlled entities at 31 December 2005.

26. Employee Benefits

	Consolidated		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
The aggregate employee benefit liability recognised and included in the financial statements is as follows				
Provision for employee benefits				
Current (note 15)	1,557	945	852	747
Non–current (note 16)	541	348	454	348
	2,098	1,293	1,306	1,095

	2006 No.	2005 No.	2006 No.	2005 No.
Number of employees (full time equivalent basis) and directors at end of the financial year	247	159	135	126

27. Remuneration of Auditors

	Consolidated		Company	
	2006 $	2005 $	2006 $	2005 $
Auditor of the parent entity (a)				
Auditing the financial report	199,895	148,359	199,895	148,359
Auditing the A-IFRS conversion & implementation	–	53,896	–	53,896
Taxation services	26,990	63,250	26,990	63,250
Other services (b)	48,160	4,255	48,160	4,255
	275,045	269,760	275,045	269,760
Related practice of parent entity auditor (c)				
Taxation services	74,650	115,130	13,789	86,906
Other services (b)	124,563	217	57,857	–
	199,213	115,347	71,646	86,906
Other auditors				
Auditing the financial report	–	–	–	–
	474,258	385,107	346,691	356,666

(a) The auditor of IRESS Market Technology Limited is Deloitte Touche Tohmatsu.

(b) Other services primarily included remuneration associated with business acquisitions and due diligence.

(c) Remuneration paid to international associates of Deloitte Touche Tohmatsu Australia located in Canada and New Zealand

28. Commitments for Expenditure

Lease Commitments

Non–cancellable operating lease commitments are disclosed in note 30 to the financial statements.

29. Contingent Liabilities

	2006 $'000	2005 $'000
The parent entity has given a letter of support to guarantee that the following wholly owned subsidiaries will meet their debts as and when they fall due. The total liabilities of these wholly owned subsidiaries (excluding amounts owed to the parent entity) are		
IRESS Market Technology (NZ) Limited	351	359
Xplan Technology Pty Ltd (a)	–	779
	351	1,138

(a) The Directors have elected not to give a letter of support to Xplan Technology Pty Ltd as at 31 December 2006 as they consider it is no longer required.

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

30. Leases

Leasing Arrangements

Operating leases relate to office facilities with lease terms of between 2 to 5 years, with an option to extend for a further 3 years. The Company/consolidated entity does not have an option to purchase the leased asset at the expiry of the lease period. Melbourne, Sydney and Toronto office lease arrangements are supported by bank guarantees. At 31 December 2006, the total rental bank guarantees in place amounted to $0.324m.

	Consolidated		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Non-Cancellable Operating Leases				
Not longer than 1 year	1,585	1,093	1,050	1,047
Longer than 1 year and not longer than 5 years	3,717	2,569	1,647	2,563
	5,302	3,662	2,697	3,610

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

	Consolidated		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Make Good Provisions				
Current	25	25	25	25
Non-current	–	–	–	–

31. Subsidiaries

		Ownership interest	
Name of entity	Country of incorporation / Principal activity	2006 %	2005 %
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
Xplan Technology Pty Ltd (b)	Australia / Provision of financial planning technology and related services	100	100
IRESS Canada Holdings Limited	Canada / Holding company	100	100

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

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

Xplan Technology Pty Ltd holds the following controlled entities.

Name of business acquired / incorporated	Country of incorporation / Principal activity	2006 %	2005 %
PlanTech Holdings Pty Ltd (a)	Australia / Holding company for PlanTech companies below	100%	–
PlanTech Consulting Group Pty Ltd (a)	Australia / Provider of risk (life insurance) information and PlanTech's financial planning services	100%	–
PlanTech Consulting NZ Pty Limited (a)	New Zealand / Provision of training related services to users of PlanTech Consulting Group Pty Ltd technologies in New Zealand	100%	–
Planning Resources Group Pty Ltd (a)	Australia / No active operations, currently receives small amount of passive income associated with former PlanTech business	100%	–
Planning Technologies Pty Ltd (a)	Australia / Dormant	100%	–

(a) These interests were acquired on 22 September 2006.

IRESS Canada Holdings Limited holds the following controlled entities.

Name of business acquired / incorporated	Country of incorporation / Principal activity	2006 %	2005 %
IRESS (Ontario) Limited (a)	Canada / Holding company	100%	–
KTG Technology Corp.(b)(c)	Canada / Provision of execution terminals to the Canadian equity markets	100%	50%
IRESS Market Technology Canada Lp (formerly IRESS KTG Canada Lp) (b)(c)	Canada / Development and commercialisation of IRESS technologies in Canada	100%	50%
IRESS (LP) Holdings Corp. (formerly IRESS KTG Canada Holdings Corp.) (b)(c)	Canada / General partner to IRESS KTG Canada Lp	100%	50%

(a) Was incorporated as a wholly owned subsidiary on 31 March 2006.

(b) These names changes became effective on 8 May 2006.

(c) Collectively these three entities make up the 'Canadian operations'. Prior to acquiring the remaining 50% on 1 April 2006, these entities were equity accounted for.

32. Subsequent Events

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

33. Financial Instruments

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

a) Interest Rate Risk

The following table details the consolidated entity's exposure to interest rate risk at 31 December 2006.

	Average interest rate %	Variable interest rate $'000	Non–interest bearing $'000	Total $'000
Financial assets				
Cash	5.77	22,899	1	22,900
Trade receivables	–	–	5,606	5,606
Sundry debtors and prepayments	–	–	977	977
		22,899	6,584	29,483
Financial liabilities				
Trade payables and accruals	–	–	7,613	7,613
Dividend payable	–	–	13	13
Employee benefits	–	–	2,098	2,098
		–	9,724	9,724

The following table details the consolidated entity's exposure to interest rate risk at 31 December 2005.

	Average interest rate %	Variable interest rate $'000	Non–interest bearing $'000	Total $'000
Financial assets				
Cash	5.45	38,242	1	38,243
Trade receivables	–	–	3,159	3,159
Sundry debtors and prepayments	–	–	921	921
		38,242	4,081	42,323
Financial liabilities				
Trade payables and accruals	–	–	4,696	4,696
Dividend payable	–	–	23	23
Employee benefits	–	–	1,293	1,293
		–	6,012	6,012

b) Credit Risk

The consolidated entity does not have any significant credit risk to any single counterparty or group of counterparties having similar characteristics.

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.

c) Net Fair Value

The carrying amount of financial assets and financial liabilities 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.

34. Related Party Disclosures

a) Equity Interests in Related Parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 31 to the financial statements.

b) Equity Interests in Jointly Controlled Entities

Details of interests in jointly controlled entities are disclosed in note 25 to the financial statements.

c) Key Management Personnel Disclosures

Details of key management personnel disclosures are set out in note 35 to the financial statements.

d) Transactions within the Wholly Owned Group

The wholly owned group includes:

- the ultimate parent entity in the wholly owned group; and
- wholly owned subsidiaries.

The ultimate parent entity in the wholly owned group is IRESS Market Technology Limited.

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

Amounts receivable from entities in the wholly owned group are disclosed in note 7 to the financial statements. All loans advanced to and payable to subsidiaries are unsecured and subordinate to other liabilities. Interest is charged monthly on the outstanding inter-company loan balance at 5.30%p.a. During the financial year, IRESS Market Technology Limited received interest of $1,291,517 (2005: $437,627) from loans to subsidiaries, and paid interest of $56,852 (2005: $48,347) to subsidiaries.

During the financial year, the consolidated entity recognised a net payable of $708,953 (2005: $351,194) from its wholly owned subsidiaries for their tax losses assumed for the current period.

From 1 April 2006, the parent entity provided software development services to entities which make up the Canadian operations. These services are charged on an arms length basis and amount to $727,684 (2005: nil).

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

e) 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 2006 (2005: nil).

Amounts receivable from and payable to subsidiaries are disclosed in note 7 to the financial statements. The consolidated entity neither paid nor received any interest from loans to other related parties (2005: nil).

During the year IRESS Market Technology Limited provided software development services to the entities which make up the Canadian operations. These services, for the three months ended 31 March 2006, were are charged on an arms length basis and amounted to $230,611 (2005: $793,814). Prior to 1 April 2006, half of this amount (ie our 50% share) was included in the total share of net losses of jointly controlled entities accounted for using the equity method.

f) Transactions with ASX Limited

ASX Limited ('ASX') had, until 24 July 2006, a nominated director on the Board of IRESS Market Technology Limited, as well as owning 15 million of the ordinary shares in IRESS. ASX is a major supplier of Australian equity market data to IRESS.

The Board does not involve itself in any operational discussions between IRESS and the ASX; and all transactions with ASX are conducted on a full arms length basis.

Total fees paid to ASX for Australian equity and related market data and associated services in 2006 was $6,616,718 (2005: $6,098,183). 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.

Until 24 July 2006, ASX Operations Pty Ltd received a fee associated with Mr Richard's services as a non-executive director of IRESS (refer note 35).

35. Key Management Personnel Disclosures

a) Key Management Personnel

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

- Mr N Hamilton (Chairman, non-executive director);
- Mr P Dunai (Managing Director, executive director);
- Mr J Killen (Chairman of the Audit Committee, non–executive director);
- Mr C O'Reilly (non–executive director – resigned 31 August 2006);
- Mr A Richards (non–executive director);and
- Mr B Burdett (non–executive director – appointed 4 September 2006).

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

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

Mr Detering, one of the three founders of IRESS, having elected to reduce his level of involvement with the company during 2006, meant he was not classified as a key management person for the year ended 31 December 2006. While Mr Detering was a consultant to the company for much of 2006, he has elected to discontinue this arrangement as at 31 December 2006.

The full Board in accordance with the Company's Nominations and Remuneration Charter reviews the remuneration packages of all directors and executives on an annual basis. Remuneration packages are reviewed and determined with due regard to current market rates and are benchmarked against comparable industry salaries, adjusted by a performance factor to reflect changes in the performance of the Company.

The non-executive directors are appointed in accordance with the Company's constitution, with directors required to stand for re-election every three years. No termination payments arise should a non executive director resign, retire or fail to be re-elected. The managing director has a fixed term employment contract expiring in May 2010. Termination payments would arise should directors elect to terminate this contract prior to expiry. The employment contracts for executives are open ended. The minimum notice period for any executive is 3 months, and the maximum is 6 months. Except for termination payments arising from the circumstances outlined below, payments arising at the discretion of the board, or payments in lieu of notice, no termination payments are payable to executives.

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

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

	Consolidated		Company	
	2006 $	2005 $	2006 $	2005 $
Short-term employee benefits	2,490,303	2,113,484	2,217,153	2,113,484
Post-employment benefits	216,580	180,011	193,900	180,011
Other long-term benefits	–	–	–	–
Termination benefits	–	–	–	–
Share-based payment	1,594,708	1,049,308	1,454,839	1,017,209
	4,301,591	3,342,803	3,862,892	3,310,704

IRESS Market Technology Limited has applied the option under Corporations Amendments Regulation 2006 to transfer key personnel remuneration disclosures required by AASB 124 Related Party Disclosures paragraphs Aus 25.4 to Aus 25.7.2 to the Remuneration Report section of the Directors' Report. These transferred disclosures have been audited.

b) Key Management Personnel Equity Holdings

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

	Opening balance No.	Granted as compensation No.	Received on exercise of options No.	Received on vesting of performance rights No.	Net other change No.	Closing balance No.	Balance held nominally No.
2006							
Directors							
Mr N Hamilton	100,000	–	–	–	–	100,000	–
Mr P Dunai	83,600	–	1,055,000	165,000	(1,250,000)	53,600	–
Mr J Killen	100,000	–	–	–	–	100,000	–
Mr C O'Reilly	10,000	–	–	–	–	10,000	–
Mr A Richards	10,000	–	–	–	–	10,000	–
Mr B Burdett	–	–	–	–	–	–	–
Executives							
Mr S Bland	66,250	–	50,000	91,250	(146,755)	60,745	–
Ms K Gross	196,500	–	–	91,250	(228,000)	59,750	–
Mr A Rudy	125,000	–	80,000	37,500	(164,500)	78,000	–
Mr D Walker	150,000	–	–	90,000	(50,000)	190,000	–
Mr A Walsh	–	–	–	–	–	–	–
2005							
Directors							
Mr N Hamilton	200,000	–	–	–	(100,000)	100,000	–
Mr P Dunai	–	–	–	83,600	–	83,600	–
Mr J Killen	100,000	–	–	–	–	100,000	–
Mr C O'Reilly	10,000	–	–	–	–	10,000	–
Mr A Richards	10,000	–	–	–	–	10,000	–
Executives							
Mr S Bland	20,000	–	–	46,250	–	66,250	–
Mr N Detering	2,000	–	345,000	30,000	(375,000)	2,000	–
Ms K Gross	224,115	–	166,666	46,250	(240,531)	196,500	–
Mr A Rudy	84,500	–	51,750	19,100	(30,350)	125,000	–
Mr D Walker	–	–	480,000	45,600	(375,600)	150,000	–

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

	Opening balance No.	Exercised No.	Other change No.	Closing balance No. (b)	Unvested balance at opening No.	Vested during the year No.	Unvested balance at closing No.
2006							
Directors (a)							
Mr P Dunai	1,055,000	(1,055,000)	–	–	–	–	–
Executives							
Mr S Bland	50,000	(50,000)	–	–	–	–	–
Ms K Gross	–	–	–	–	–	–	–
Mr A Rudy	80,000	(80,000)	–	–	–	–	–
Mr D Walker	–	–	–	–	–	–	–
Mr A Walsh	–	–	–	–	–	–	–
2005							
Directors (a)							
Mr P Dunai	1,055,000	–	–	1,055,000	500,000	(500,000)	–
Executives							
Mr S Bland	50,000	–	–	50,000	–	–	–
Mr N Detering	345,000	(345,000)	–	–	–	–	–
Ms K Gross	166,666	(166,666)	–	–	–	–	–
Mr A Rudy	131,750	(51,750)	–	80,000	–	–	–
Mr D Walker	480,000	(480,000)	–	–	–	–	–

(a) During the year other than as noted above, there were no outstanding share options held by directors or a related party of them.

(b) As at 31 December 2005 all options were fully vested, exercisable and in the money.

(c) No options were granted as compensation during 2005 or 2006.

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

	Opening unvested balance No.	Granted as compensation No.	Vested during the period No. (b)	Closing unvested balance No.
2006				
Directors (a)				
Mr P Dunai	801,400	500,000	(165,000)	1,136,400
Executives				
Mr S Bland	258,750	60,000	(91,250)	227,500
Ms K Gross	243,750	60,000	(91,250)	212,500
Mr A Rudy	145,900	45,000	(37,500)	153,400
Mr D Walker	249,400	60,000	(90,000)	219,400
Mr A Walsh	–	120,000	–	120,000
2005				
Directors (a)				
Mr P Dunai	385,000	500,000	(83,600)	801,400
Executives (a)				
Mr S Bland	215,000	90,000	(46,250)	258,750
Mr N Detering (c)	90,000	75,000	(30,000)	135,000
Ms K Gross	215,000	75,000	(46,250)	243,750
Mr A Rudy	100,000	65,000	(19,100)	145,900
Mr D Walker	210,000	85,000	(45,600)	249,400

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

(b) Upon vesting, performance rights are exercisable. All performance rights which vested during the relevant year were exercised prior to the year end in both 2005 and 2006.

(c) Mr Detering has elected to discontinue his consultant role with the company as at 31 December 2006, resulting in the cancellation of 75,000 performance rights issued to him.

(d) There are no unexercised vested performance rights as at 31 December 2005 or 31 December 2006.

Details of the terms and conditions of the Employee Share Option Plan and the Employee Performance Rights plan and the Peter Dunai Performance Rights plan are set out in notes 37 to 39.

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

c) Other Transactions with Key Management Personnel

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

There are no assets arising from transactions with key management personnel or their related parties at 31 December 2006.

There are no liabilities arising from transactions other than compensation with key management personnel or their related parties at 31 December 2006.

36. Share Based Payments

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

- the Employee Performance Rights Plan;
- the Peter Dunai Performance Rights Plan; and
- the Employee Option Plan.

Summaries of the rules governing the above plans are set out in notes 37 to 39 respectively.

The per unit fair value of performance rights granted to the managing director, and executives and staff during the financial year was $3.81 and $3.60 respectively. The fair value 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 has been taken into account.

Set out below are the fair values of performance rights issued (which were derived by PricewaterhouseCoopers Securities Limited) and the key inputs used in the pricing model.

	Employee Performance Rights Plan				Peter Dunai Performance Rights Plan	
	2003 series	2004 series	2005 series	2006 series	2005 series	2006 series
Fair value	$1.25	$1.85	$2.31	$3.60	$2.18	$3.81
Share price on grant date	$1.99	$3.12	$3.70	$5.80	$3.70	$5.80
Grant date	7 May 2003	7 May 2004	9 May 2005	8 May 2006	9 May 2005	8 May 2006
Exercise price	$1 in total each time vested rights are exercised					
Expected volatility	35.0%	28.0%	27.0%	27.0%	27.0%	27.0%
Dividend yield	4.5%	4.0%	3.5%	3.7%	3.5%	3.7%
Risk-free interest rate	4.63%	5.58%	5.30%	5.70%	5.30%	5.70%
Performance measurement and vesting	As per the applicable plan rules – refer to notes 37 to 39 for further details.					

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

Holder / Incentive Plan (a)	Fair value ($)	Unvested 1/1/06 or granted during the year '000	Vested '000	Cancelled '000	Unvested 31/12/06 '000	Performance measurement period
Managing Director						
2003 EPRP	$1.25	110	(110)	–	–	3 years (b)
2004 EPRP	$1.85	191	(55)	–	136	3 years (b)
2005 PDPRP	$2.18	500	–	–	500	5 years (c)
2006 PDPRP	$3.81	500	–	–	500	4 years (d)
Executives						
2003 EPRP	$1.25	260	(260)	–	–	3 years (b)
2004 EPRP	$1.85	382	(110)	–	272	3 years (b)
2005 EPRP	$2.31	390	–	(75)	315	3 years
2006 EPRP	$3.60	345	–	–	345	3 years
Staff						
2003 EPRP	$1.25	340	(340)	–	–	3 years (b)
2004 EPRP	$1.85	791	(226)	(5)	560	3 years (b)
2005 EPRP	$2.31	981	–	(21)	960	3 years
2006 EPRP	$3.60	856	–	(61)	795	3 years

(a) In this table, 'EPRP' means performance rights issued under the employee performance rights plan, and 'PDPRP' means performance rights issued under the Peter Dunai Performance Rights plan. For both 2003 and 2004, performance rights were issued on 8 May, in 2005 performance rights were issued on 9 May 2005 and the 2006 series was issued on 8 May 2006. Issue dates reflect an issue date of 8 May, or the next business day where this falls on a weekend. During the year there were no unvested, granted or cancelled options under the company's Employee Option plan.

(b) This series of performance rights has interim performance measurement dates, under which up to 25% of the rights granted can vest at the end of years 1 and 2 if the company has met the required performance hurdles.

(c) This series of performance rights has interim performance measurement dates, under which up to 20% of the rights granted can vest at the end of years 3 and 4 if the company has met the required performance hurdles.

(d) This series of performance rights has interim performance measurement dates, under which up to 15% of the rights granted can vest at the end of year 2, and 35% can vest at the end of year 3 if the company has met the required performance hurdles.

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

	2006		2005	
Incentive Plan (a)	Quantity	Weighted average share price ($) (b)	Quantity	Weighted average share price ($) (b)
PP EOP (c)	1,381,702	5.95	1,609,252	4.27
2003 EPRP	710,000	5.67	362,500	4.09
2004 EPRP	390,750	5.68	208,650	4.08
2005 EPRP	–	–	–	–
2005 PDPRP	–	–	–	–

(a) In this table, 'EOP' means options issued under the Employee Share Option plan, 'EPRP' means performance rights issued under the employee performance rights plan, and 'PDPRP' means performance rights issued under the Peter Dunai Performance Rights plan.

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

(c) PP EOP are options issued under the Employee Share Option plan in prior periods which were not required to be recognised as a share based payment under A-IFRS transitional rules.

37. Summary of the Employee Performance Rights Plan

On 7 May 2003, the IRESS Employee Performance Rights Plan (the Plan) was established to assist in the attraction, retention and motivation of employees of the Company.

The key terms of the Plan are set out below.

General Rules

a) The Plan is open to full–time and part–time employees (and consultants under certain circumstances approved by the Board).

b) The Board will determine the quantum of performance rights issued under the Plan.

c) The total number of unvested performance rights together with options outstanding under the Employee Share Option Plan, must not exceed 7.5% of the total number of issued shares in that class at the time of the offer.

d) The number of performance rights issued to any one individual, may not exceed in aggregate 2.25% of the total number of shares in the capital of the Company on issue at that time.

e) For the purposes of the calculations in c) and d) above, offers pursuant to the Plan and the IRESS Employee Share Option Plan made to the Managing Director and any other executive director, which has been approved at a general meeting of members, shall be excluded.

f) The Plan will be administered by the Board. The Board may make further rules for the operation of the Plan which are consistent with the Plan.

g) The Plan provides for the possibility of accelerated vesting of performance rights in the event that:
   i) a takeover bid is made to shareholders (other than as a result of an allotment approved by the Board);
   ii) a statement is lodged with the ASX to the effect that a person has become entitled to not less than 50% of the shares (other than as a result of an allotment approved by the Board);
   iii) the court orders a meeting to consider a scheme for the reconstruction of the Company or its amalgamation with any other companies;
   iv) the Company passes a resolution for voluntary winding up;
   v) an order is made for the compulsory winding up of the Company; or
   vi) the Board so determines.

h) 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.

i) Where an employee leaves the Company, other than for a qualifying reason, all unvested rights lapse. Where an employee leaves the Company as a result of a qualifying reason, 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.

j) The quantum of performance rights issued to an employee under the 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.

k) Performance rights will not be quoted on the ASX, however upon issuance of shares in accordance with the Plan rules, the Company will immediately apply for quotation of those shares on the ASX.

l) 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.

Performance Criteria

The following performance criteria shall apply to performance rights issued under the 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 2003 and 2004 will become available for exercise in three tranches as follows.

- Tranche 1 — A maximum of ¼ of rights issued (in the series) become available for exercise at the end of year 1 based on the Company's performance ranking for the performance period for the tranche (year 1).
- Tranche 2 — A maximum of ¼ of rights issued (in the series) become available for exercise at the end of year 2 based on the Company's performance ranking for the performance period for the tranche (years 1 & 2).
- Tranche 3 — A maximum of ½ 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, become available for exercise at the end of year 3 based on the Company's performance ranking for the performance period for the tranche (years 1, 2 & 3).

Performance period

The performance period for each tranche starts on the commencement date.

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.

Where the performance right was granted in 2003 or 2004, the performance period for each tranche is as follows.

- Tranche 1 — The period commencing on the commencement date and ending one year after the commencement date.
- Tranche 2 — The period commencing on the commencement date and ending two years after the commencement date.
- Tranche 3 — 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.

38. 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 37.

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 (eg 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).
- 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.

39. Summary of the Employee Option Plan Rules

On 15 September 2000, the IRESS Employee Option Plan (the Option Plan) was established to assist in the attraction, retention and motivation of employees of the Company.

Following the adoption by shareholders of the IRESS Employee Performance Rights Plan at the 2003 Annual General Meeting, the Option Plan was suspended. No new employee share options were issued during the year. All options in existence as at the beginning of the year had been granted prior to the 2003 AGM and had fully vested. During the year ended 31 December 2006 all outstanding options were exercised. If not exercised prior to 31 December 2006 many of these outstanding options would have expired, with the balance expiring in May 2007.

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

a) The Board may offer employee options under the Option Plan to full–time or part–time employees of, or consultants to, the Company. The Board will determine the eligibility of persons and their entitlement having regard to length of service and potential contribution to the Company.

b) No consideration is payable by employees for the grant of employee options. Options do not have any voting rights and do not participate in dividends or rights issues.

c) Each employee option is an option to subscribe for one share in the capital of the Company. When issued, the share will rank equally with all other issued shares. Employee options may not be transferred before the option is exercised except with the consent of the Board. Quotation of the employee options on the ASX will not be sought. However the Company will ask the ASX for official quotation of shares issued on the exercise of the employee options.

d) The number of issued and unexercised employee options which are subject to the Option Plan may not at any time exceed 7.5% of the total number of issued shares.

e) Employee options may only be exercised if the holder is still an employee or consultant at the time of exercise.

f) The vesting period for the employee options is determined by the directors. Notwithstanding these vesting dates, if any person becomes the holder of a relevant interest in 50% or more of the Company's voting shares (as those terms are defined in the Corporations Act 2001) then within seven days of becoming aware of the occurrence of any such event, the Board may stipulate that some or all of the employee options are immediately exercisable or transferable.

g) Employee options lapse on the earlier of:

    i) the expiry of five years from the date of issue;

    ii) the expiry of 90 business days, or any longer period which the directors determine, after the holder of the employee option ceases to be employed by the Company as a result of retirement, death or total permanent disability;

    iii) the expiry of 30 business days, or any longer period which the directors determine, after the holder of the employee option ceases to be employed by, or contracted to, the Company for any other reason; or

    iv) a determination of the Board that the holder of the employee option has acted fraudulently, dishonestly or in breach of his or her obligation to the Company.

h) The employee options may only be exercised within the limitations imposed by the Corporations Act 2001 and the ASX Listing Rules.

i) The exercise price of employee options is determined by the directors.

j) If the Company makes a bonus issue of securities to shareholders, each unexercised employee option will, on exercise, entitle its holder to receive additional shares as if the employee option had been exercised before the date of the bonus issue.

k) If the Company makes an offer of shares pro–rata to all or substantially to all its shareholders, then there is provision for adjustment of the exercise price of unexercised options to reflect the diluting effect of the issue.

l) If any reorganisation or reconstruction of the issued capital of the Company takes place (including any consolidation or division of shares or reduction or return of capital), the rights of a holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at that time, such that the number of shares issued on exercise and the exercise price of the employee option (or both) will be reconstructed in accordance with the ASX Listing Rules.

Shareholder Information

The following information reflects shareholdings at 31 January 2007.

Distribution of Members and their Holdings

Size of holding	Number of ordinary shareholders	Number of option holders	Number of performance rights holders
1 – 1,000	882	–	4
1,001 – 5,000	1,598	–	14
5,001 – 10,000	359	–	14
10,001 – 100,000	227	–	54
100,001 and over	58	–	10
Total	3,124	–	96

Number of shareholders with less than a marketable parcel 9

Ordinary Share Capital

- 111,701,900 fully paid ordinary shares are held by 3,124 shareholders
- All issued ordinary shares carry one vote per share held

Performance Rights

- 4,383,470 performance rights held by 96 individual performance rights holders
- Performance rights do not carry a right to vote

Shareholder Information

Substantial Shareholders

	Fully paid	
Ordinary shareholders	Number	Percentage
ASX Limited	15,000,000	13.43
Schroder Investment Management Australia Limited	10,404,428	9.31
Perpetual Trustees Australia Limited	9,831,734	8.80
Perennial Value Management Limited	9,360,803	8.38
IOOF Holdings Limited	8,809,470	7.89
Commonwealth Bank Group	8,388,281	7.51
JB Were Group Holdings Pty Ltd and JB Were Limited	7,231,388	6.47
Barclays Group	6,640,799	5.95
Westpac Banking Corporation	6,764,092	6.06
Total	82,430,995	73.80

Twenty Largest Shareholders of Quoted Equity Securities

	Fully paid	
Ordinary shareholders	Number	Percentage
J P Morgan Nominees Australia Limited	19,249,515	17.23
Australian Stock Exchange	15.000.000	13.43
Westpac Custodian Nominees Ltd	11,196,321	10.02
National Nominees Limited	,10,808,324	9.68
ANZ Nominees Limited	6,995,499	6.26
Citicorp Nominees Pty Limited	5,997,656	5.37
Queensland Investment Corporation	4,371,171	3.91
Cogent Nominees Pty Limited	3,613,195	3.23
RBC Global Services Australia Nominees Pty Limited	2,094,065	1.87
UBS Nominees Pty Ltd	1,558,301	1.40
Citicorp Nominees Pty Limited <CFSIL Cwlth Boff Super A/C>	1,366,176	1.22
Bond St Custodians Limited	1,138,248	1.02
Australian Reward Investment Alliance (C/O JP Morgan Nominees)	1,114,435	1.00
RBC Dexia Investor Services Australia Nominees Pty Limited	1,012,660	0.91
Argo Investments Limited Asteron Life (NZ) Limited	790,000	0.71
Neweconomy Com Au nominees Pty Limited <Scrip Lending Coll Mgt A/c>	770,000	0.69
HSBC Custody Nominees (Australia) Limited	736,152	0.66
Asteron Life (NZ) Limited	713,454	0.64
Citicorp Nominees Pty Limited <CFSIL Cwlth Aust Shs 18 A/C>	660,284	0.59
Victorian Workcover Authority	540,485	0.48