6 August 2013

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

ELECTRONIC LODGEMENT

Dear Sir or Madam

IRESS 2013 Half Year Financial Report

Please find the Half Year Financial Report relating to the company's financial results for the period ending 30 June 2013.

Yours sincerely,

Peter Ferguson
Group General Counsel
& Company Secretary

IRESS Limited
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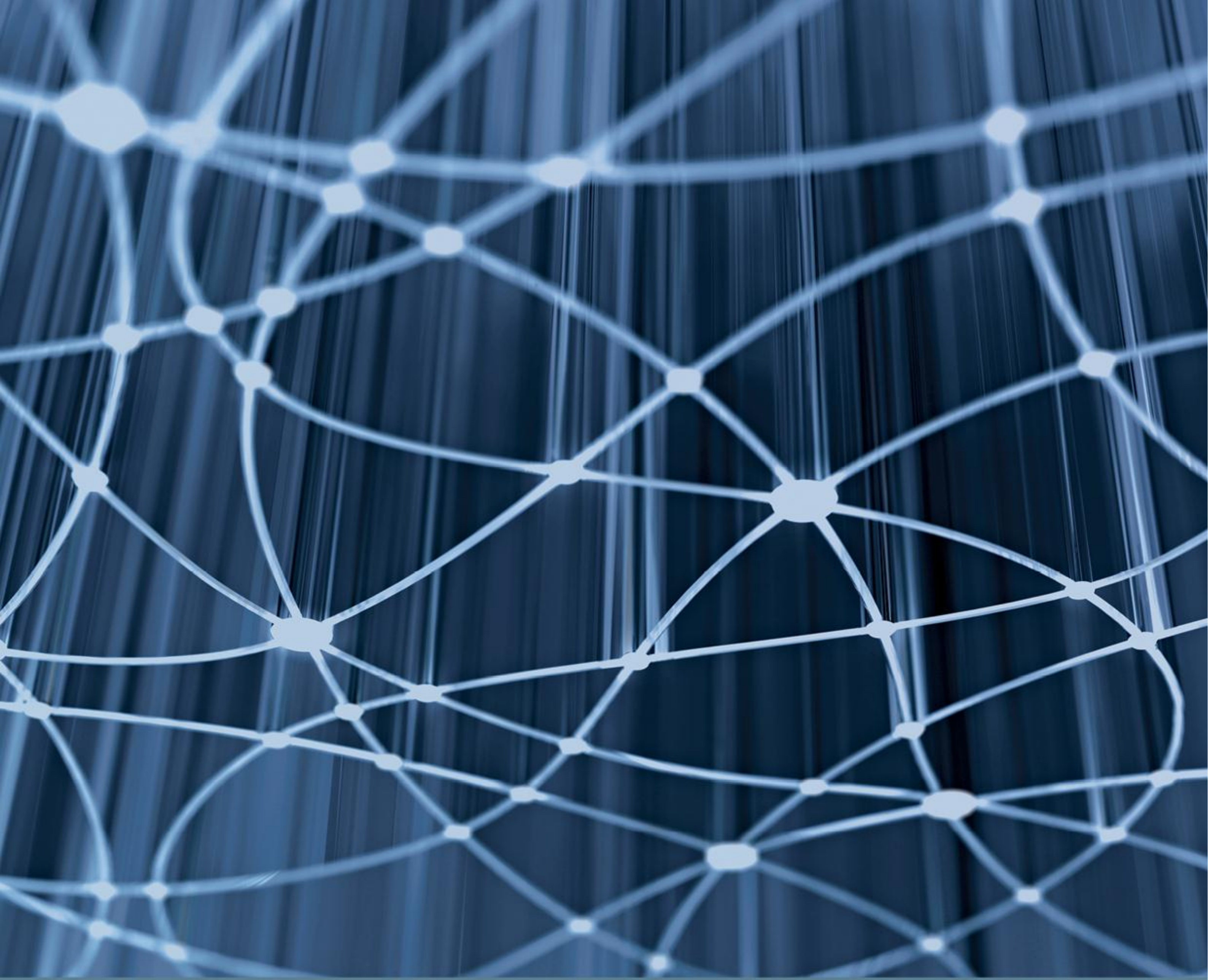
Level 18, 385 Bourke Street
Melbourne VIC 3000 Australia
t. +61 3 9018 5800
e. enquiries@iress.com
www.iress.com.au



IRESS
2013 HALF YEAR FINANCIAL REPORT

ABN 47 060 313 359

COMPANY SECRETARY

P Ferguson

REGISTERED OFFICE

Level 18, 385 Bourke Street, Melbourne Vic 3000,
Phone: +61 3 9018 5800

SHARE REGISTRY

Link Market Services Limited, Level 4, 333 Collins Street, Melbourne Vic 3000

AUDITORS

Deloitte Touche Tohmatsu

STOCK EXCHANGE LISTING

IRESS Limited shares are quoted on the Australian Securities Exchange under the code IRE.

HIGHLIGHTS

Total Group revenues for the six months ended 30 June 2013 increased by 2.6% to $105.9m, and segment profits decreased by 3.1% to $40.9m. Reported profit after tax was $17.8m, compared with $19.7m for the prior half year, a decline of 9.4%.

Underlying Group segment profit after income tax (including the Consolidated Entity's investment in the emerging financial market and wealth management businesses in Asia and the United Kingdom) for the period was $26.1m, a decline of 6.1% from the prior half year. This figure is derived after excluding share based payments, non-core items and amortisation of intangible assets recognised through acquisition (strategic charges). Collectively, these adjustments amounted to $11.6m for the six months ended 30 June 2013 (2012: $11.5m). Group segment profit after income tax but before investments in Asia and the United Kingdom for the 6 months ended 30 June 2013 was $28.7m, a decline of 5.0% on the prior half.

Basic earnings per share for the half year was 13.82 cents per share (2012: 15.43 cent per share), a decrease of 10.4%.

Directors have declared an interim dividend of 13.5 cents per share, franked to 90% (2012: 13.5 cents franked to 90%).

FINANCIAL SUMMARY

6 MONTHS TO 30 JUNE 2013

	CONSOLIDATED HALF–YEAR ENDED 30 JUNE 2013	CONSOLIDATED HALF–YEAR ENDED 30 JUNE 2012
Total revenues ($m)	105.9	103.2
Profit before income tax expense ($m)	26.0	28.5
Profit after income tax expense ($m)	17.8	19.7
Basic earnings per share (cents)	13.82	15.43
Dividend per share (cents)	13.5*	13.5*

* franked to 90%

The Directors of IRESS Limited submit herewith the financial report for the half–year ended 30 June 2013. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows.

The names of the Directors of the Company during or since the end of the half–year are:

- Mr P Dunai
- Mr A Walsh
- Ms J Seabrook
- Mr J Cameron
- Mr J Hayes
- Mr T D'Aloisio

Except as noted above, the above named Directors held office during and since the end of the half–year.

PRINCIPAL ACTIVITIES

During the course of the year, the Consolidated Entity's activities consisted of the provision of information, trading, compliance, order management, portfolio and financial planning systems and related tools. The principal clients comprise Australian, New Zealand, Canadian and South African domestic equity participants, and wealth management professionals in Australia, New Zealand and South Africa. In addition, the Consolidated Entity has emerging operations in Asia and recently established operations in the United Kingdom.

The activities of the Consolidated Entity are typically viewed as falling into Financial Markets and Wealth Management, although there are numerous areas of cross-over and many clients who subscribe to both Financial Market and Wealth Management services.

REVIEW OF OPERATIONS

FINANCIAL MARKET SOLUTIONS

The Financial Markets business provides a leading range of multi-market products and services including global market data, buy-side and sell-side order management (OMS and EMS), portfolio management, direct exchange connectivity or FIX based routing, smart order routing (BMR). These solutions can be delivered via the desktop, web or mobile device. The solutions are modular and integrated, allowing clients to tailor functionality for different trader roles, business units and departments, while maintaining a single platform across their organisation.

We have specific solutions for retail advisers and their clients, through to institutional traders and specialist market makers.

Our equity information systems deliver comprehensive market data and market analysis tools, catering to the diverse needs of equity and derivative traders. Each solution in our range is tailored in its delivery, interface and content to meet specific trader requirements.

WEALTH MANAGEMENT SOLUTIONS

The Wealth Management business is primarily based around the XPLAN suite of products and services. The XPLAN solution is a web-based system and includes features to address, client management, practice management, document management, compliance management, portfolio management and research, cash flow modelling, risk insurance research, mortgage qualification and research, integrated revenue (commission) management system.

XPLAN represents a comprehensive range of integrated wealth management software tools for financial planning and wealth professionals. XPLAN is a scalable financial planning software platform that scales to support any business model.

The service is delivered as a total solution, which includes infrastructure, integration, data transformation and migration and, most importantly, on-going client support.

OPERATING AND FINANCIAL REVIEW

OPERATIONS

IRESS' recurring subscription model continues to drive results and outlook.

Economic Conditions:

- The first six months of 2013 has remained a tough period in the financial services sector with a widespread focus on cost reductions throughout financial markets given the extended turbulent climate. Regulatory change continues to be a driver for growth in our wealth management services.
- Action by our clients to control costs has been steady and ongoing over the last six months and provides an up to date indication of the response by our clients to conditions.
- Excluding the impact of investigations into potential acquisitions in growth markets, group results have remained stable as client technology initiatives have been offset by cost reductions, downsizing and consolidation.
- Despite this, there remains strong demand in specific segments, products and geographies.

Conversion of off-shore results to Australian Dollars:

- Group consolidated results for the year are impacted by appreciation of the Australian dollar, most noticeably in conversion of the results from our South African operations given the 8% (2012:15.4%) decline in the South African Rand. The impact for the six months to June 2013 was a foreign exchange gain of $0.8m (2012: $(0.9)m loss).

Cash flows from operations:

- The net cash generated from operating activities was $34.8m, a 2.4% increase from the same period last year, which mainly arises from reduced income tax payments.

DIVIDENDS

The IRESS dividend policy is to maintain a payout ratio of not less than 80% of underlying group earnings (including all growth investments). Where possible, and subject to accounting limitations, a higher payout ratio will be sought in order to partially offset the impact of growth investments. The dividend policy may be modified by the Board in the future, where it is felt appropriate, including situations which may arise from the Company pursuing its strategy. Dividends continue to be franked to essentially the fullest extent possible.

In respect of the financial year ended 31 December 2013, the Directors recommend an interim dividend of 13.5 cents per share franked to 90% at 30% corporate tax rate to be paid to the holders of fully paid ordinary shares on 28 September 2013. The record date to participate in the interim dividend is 19 August 2013.

In respect of the financial year ended 31 December 2012, an interim dividend of 13.5 cents per share franked to 90% at 30% corporate tax rate was paid to the holders of fully paid ordinary shares on 28 September 2012 and a final dividend of 24.5 cents per share franked to 90% at 30% corporate tax rate paid to holders of fully paid ordinary shares on 28 March 2013.

INVESTMENTS FOR FUTURE PERFORMANCE

In looking at the Consolidated Entity's performance during the half year to 30 June 2013, the following are important themes:

- Pursuit of medium term growth opportunities:
    - The Consolidated Entity continued its strategy of local tailoring of solutions to all segments of our client base and adding value, avoiding where possible commodity product status. In addition to understanding changes in technology and regulation it requires a willingness to invest for the medium term, and engage in active and responsive dialogue with our clients.
    - Continuing to act as a responsive vendor, and meeting client requirements as their businesses evolve, is key.

- Key highlights for the half year to 30 June 2013 were:
  - Resilience in our more mature business operations. Wealth Management A&NZ performed very strongly as clients continued to invest in technology with regulatory change compliance mandatory from 1 July 2013.
  - Organic investments in Asia and the United Kingdom built around key seed clients continue to mature. The Consolidated Entity is confident and committed to opportunities seeking medium term growth.
  - Leveraging a strong balance sheet and financial stability, and in line with the Consolidated Entity's strategic objectives, investigations have begun into potential acquisitions in growth markets.
  - Continued focus on expansion of product offerings in response to market opportunities, regulatory change and technology.

REVIEW OF GROUP RESULTS

The reported net profit after tax was $17.8m (2012: $19.7m), a 9.4% decrease on reported profits for the same period last year. Impacting on comparability of results for 2013 and 2012 are:

- Revenue from ordinary activities which increased by $2.6m or 2.6% largely driven by Wealth Management A&NZ.
- Employee benefits expense which increased by $3.5m or 8.5% during the year. This increase arises from a number of factors including
  - The $0.7m increase in share based payments expense predominately driven by the once-off share right incentive arrangements to facilitate the establishment of the Consolidated Entity's activities in the United Kingdom.
  - A continued increase in total head count for the twelve months to June 2013 to support existing clients and support the growth investment businesses. The FTE headcount for the group increased by 20 staff to a total of 724 at the end of the period. In terms of geographic spread the change was 15, 1 and 4 for Australia, South Africa and the United Kingdom respectively.
- Other expenses including general and administrative expenses increased by $0.6m or 19.5%. Primary contributors to this increase were expenses such as insurance and professional advisory fees.
- Business acquisition and restructure expenses increased by $2.1m due to the commencement of investigation into potential acquisitions in growth markets.
- Depreciation and amortisation expense declined by $1.7m. Splitting this item between normal operating business depreciation and amortisation, and amortisation of assets recognised as part of an acquisition (strategic charges), the movement is an increase of $0.2m and a decline of $1.9m respectively. The decline in strategic charges reflects several of these assets that became fully written down during the period. The increase in operating depreciation and amortisation expenses primarily represents the continued investment in network and infrastructure facilities.

In addition the number of shares on issue increased by 0.965m to support the employee share plans.

The collective impact of these changes was a decrease in basic EPS from 15.43 cents per share to 13.82 cents per share, a decrease of 10.4%.

The results of the business for the six months ended 30 June 2013 when viewed on a segment basis including investments are as follows:

		FINANCIAL MARKETS $'000 (b)	WEALTH MANAGEMENT $'000 (b)	UNDERLYING GROUP $'000	STRATEGIC CHARGES $'000	REPORTED GROUP $'000
RECURRING OPERATIONAL (a)						
Operating Revenue	2013	72,495	32,896	105,391	–	105,391
	2012	73,940	29,170	103,110	–	103,110
Segment Profit	2013	29,306	11,638	40,944	–	40,944
	2012	31,751	10,496	42,247	–	42,247
Segment Profit before tax (c)	2013	26,872	10,705	37,577	(5,105)	32,472
	2012	30,139	9,795	39,934	(7,516)	32,418
Segment Profit after tax (d)	2013	18,676	7,440	26,116	(3,548)	22,568
	2012	20,947	6,809	27,756	(5,224)	22,532
SBP & NON-CORE						
Share Based Pmts.	2013	–	–	(3,527)	(1,136)	(4,663)
	2012	–	–	(3,598)	(339)	(3,937)
Total Non-Core Exp. Before Tax (e)	2013	(1,171)	(173)	(1,344)	–	(1,344)
	2012	133	(80)	53	–	53
REPORTED						
Profit after tax	2013					17,820
	2012					19,667

Table 1

(a) IRESS considers inter-period comparability of results is best presented as the underlying operating results of the relevant businesses calculated excluding share based payments, non-core items (e), and amortisation of intangible assets recognised through acquisition (strategic charges) and has presented results consistently in this way for the past 8 years.

(b) These segment results are inclusive of the Consolidated Entity's investments in the emerging Financial Markets and Wealth Management businesses in Asia and the United Kingdom.

(c) Segment Profit before tax is defined as profit before tax, share based payments and other non-core items. It includes amortisation of intangible assets recognised through acquisition (strategic charges).

(d) This figure is derived based on a generic tax calculation for the recurring business operations. The generic tax rate used in this calculation is 30.5%. Directors consider the Underlying Group Profit after tax result represents the appropriate starting point when setting dividends.

(e) Total Non-Core Expenses Before Tax includes non-recurring consulting fees and foreign exchange movements.

The segment operating results are discussed in more detail on the following pages.

FINANCIAL MARKETS

OPERATING RESULTS

RECURRING OPERATIONAL (a)		A&NZ $'000	CANADA $'000	RSA $'000	ASIA $'000 (b)	UK $'000 (b)	TOTAL $'000
Operating Revenue	2013	53,521	10,107	8,062	593	212	72,495
	2012	54,549	11,309	7,843	239	–	73,940
Segment Profit	2013	25,435	2,525	2,743	(1,115)	(282)	29,306
	2012	27,106	3,418	2,501	(1,274)	–	31,751

Table 2

(a) IRESS considers inter-period comparability of results is best presented as the underlying operating results of the relevant businesses calculated excluding share based payments, non-core items, and amortisation of intangible assets recognised through acquisition (strategic charges) and has presented results consistently in this way for the past 8 years.

(b) This table includes the financial market investment businesses.

COMMENTARY ON OPERATING RESULTS

- Australia & New Zealand Financial Markets - Revenue $53.5m (2012: $54.5m) down 2%; segment profits $25.4m (2012: $27.1m) down $1.7m or 6.2%. The result reflects flat revenues in a challenging market where much of the focus by our clients was directed to cost management. Total staff costs increased by $0.4m driven by 10 FTE added during the twelve months ended 30 June 2013.
- Canadian Financial Markets – Revenue $10.1m (2012: $11.3m) down 10.6% (10.9% in CAD); segment profits $2.5m (2012: $3.4m) down 26.1% (26.3% in CAD). Canada continues to face extremely challenging conditions in the first half of 2013 characterised by cost pressures, contraction in the market and increased competitive activity. Reflecting this cost focus, total staff costs were flat year-on-year when measured in CAD.
- South African Financial Markets – Revenue $8.1m (2012: $7.8m) up 2.8% (up 17.7% in ZAR); segment profits $2.7m (2012: $2.5m) up 9.7% (up 28.8% in ZAR). Revenue growth reflects the technology and medium term investment decisions as we extended our high performance managed network to Johannesburg. Total staff costs increased by 10.6% in ZAR which in part represents inflation based increases for staff (which is running at 5 – 6%) as well as an increase in the average headcount which was to support client lead initiatives.
- Asian Financial Markets – Revenue $0.6m (2012: $0.2m); segment loss $(1.1)m (2012: $(1.3)m). Continued focus on implementing solutions in the first half of 2013 has seen revenues increase and segment results move closer to profitability.
- UK Financial Markets – Revenue $0.2m; segment loss $(0.3)m. This operation was established during the second half of 2012.

WEALTH MANAGEMENT

OPERATING RESULTS

RECURRING OPERATIONAL (a)		A&NZ $'000	RSA $'000	ASIA $'000 (b)	UK $'000 (b)	TOTAL $'000
Operating Revenue	2013	29,598	2,550	119	629	32,896
	2012	26,076	2,972	100	22	29,170
Segment Profit	2013	13,084	608	(739)	(1,315)	11,638
	2012	11,607	966	(839)	(1,238)	10,496

Table 3

(a) IRESS considers inter-period comparability of results is best presented as the underlying operating results of the relevant businesses calculated excluding share based payments, non-core items, and amortisation of intangible assets recognised through acquisition (strategic charges) and has presented results consistently in this way for the past 8 years.

(b) This table includes the wealth management investment businesses.

COMMENTARY ON OPERATING RESULTS

- Australia & New Zealand Wealth Management– Revenue $29.6m (2012: $26.1m) up 13.5%; segment profits $13.1m (2012: $11.6m) up 12.7%. This business continues to perform well, with ongoing demand for technology based efficiencies and the compliance and oversight capability offered by XPLAN as a result of reforms and repositioning within the wealth management segment. To support these opportunities headcount increased by 5. Other operating expenses increased by 18.3%.
- South African Wealth Management – Revenue $2.6m (2012: $2.9m) down 14.2% (down 1.9% in ZAR); segment profits $0.6m (2012: $0.9m) down 37.1% (down 28.6% in ZAR). Appreciation of the AUD against the ZAR by 8% over the twelve months to June 2013 is a significant factor impacting on comparability. Revenue was essentially flat when measured in ZAR with work continuing to support revenue growth in future periods. Total staff costs increased by 5% when measured in ZAR, which reflects a combination of increases in line with inflation for existing staff and a small decline in headcount.
- Asian Wealth Management – Revenue $0.1m (2012: $0.1m) and segment loss $(0.7)m (2012: loss $(0.8)m). The business continues to make progress engaging clients in this segment.
- United Kingdom Wealth Management – Revenue $0.6m (2012: $0.02m) and segment loss $(1.3)m (2012: loss $(1.2)m). This business was established in November 2011 initially to support its seed client Sesame Bankhall Group. The nature of that arrangement was anticipated to generate very modest revenues in 2012, which have continued to grow in 2013.

STRATEGY AND FUTURE PERFORMANCE

The Consolidated Entity's objectives are to maintain the Consolidated Entity's existing franchise and grow the business operations through a combination of organic and inorganic transactions with a view to generating acceptable risk adjusted growth in earnings.

In line with these objectives, the Consolidated Entity has entered into an agreement to acquire Avelo FS Holdings ("Avelo"). Avelo is a leading provider of wealth management technology in the United Kingdom with product offerings that complement IRESS' existing wealth management product capability and strategic focus.

At present, 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.

CHANGES IN OPERATIONS DURING THE YEAR

During the course of the year, the operations of the Consolidated Entity were not modified in any material way.

CHANGES IN STATE OF AFFAIRS

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

SUBSEQUENT EVENTS

Other than as noted below, there has not been any matter or circumstance that has arisen since the end of the half-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.

In line with the Consolidated Entity's objectives, on 5 August 2013 an agreement has been entered into to acquire Avelo FS Holdings ("Avelo"). Avelo is a leading provider of wealth management technology in the United Kingdom with product offerings that complement IRESS' existing wealth management product capability and strategic focus.

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

REVIEW OF FINANCIAL CONDITION

CAPITAL STRUCTURE AND TREASURY POLICY

IRESS capital structure consists solely of fully paid up shares, and share rights associated with employee share plans (refer note 5).

Treasury practice is not to hedge foreign exchange exposures. Cash management practice is to invest cash balances beyond immediate day to day requirements in short dated term deposits or similar instruments.

LIQUIDITY AND FUNDING

IRESS continues to have a net positive cash balance, holding $57.257m (2012: $55.967m).

IRESS has no formal debt facilities or lines of credit. In the broad, day to day banking operations are unsecured.

IMPACT OF LEGISLATION AND OTHER EXTERNAL REQUIREMENTS

SIGNIFICANCE OF CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

Significant accounting policies adopted in the preparation and presentation of the financial report are set out in Note 1. In applying the Australian Accounting Standards, Management are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. These estimates are reviewed on an ongoing basis. Judgements that have significant effects on the financial statement and estimates with a significant risk of material adjustment in the next year are disclosed in the relevant notes to the financial statements.

SIGNIFICANCE AND IMPACT OF CHANGES IN LEGISLATION, REGULATION AND OTHER EXTERNAL REQUIREMENTS

Accounting Standards and Interpretations on issue but not yet effective are set out in Note 1t of the IRESS 31 December 2012 Annual Report. The Directors have assessed the impact of the adoption of these Standards and Interpretations.

The Directors do not believe these Standards and Interpretations will have a material impact in future periods on the financial statements of the Consolidated Entity at this point in time.

AUDITORS' INDEPENDENCE DECLARATION

The auditors' independence declaration is included on page 11 of the half–year financial report.

ROUNDING OFF AMOUNTS

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

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

On behalf of the Directors

Mr A Walsh

Managing Director

MELBOURNE, 5 August 2013

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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5 August 2013

The Board of Directors

IRESS Limited

Level 18, 385 Bourke Street

MELBOURNE VIC 3000

Dear Board Members

INDEPENDENCE DECLARATION: IRESS 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 Limited.

As lead audit partner for the review of the financial statements of IRESS Limited for the half year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

G J McLean
Partner
Chartered Accountants

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF IRESS LIMITED

Deloitte.

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

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We have reviewed the accompanying half-year financial report of IRESS Limited, which comprises the Condensed Statement of Financial Position as at 30 June 2013, and the Condensed Statement of Comprehensive Income, the Condensed Statement of Cash Flows and the Condensed Statement of Changes in Equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the Consolidated Entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 14 to 34.

DIRECTORS' RESPONSIBILITY FOR THE HALF-YEAR FINANCIAL REPORT

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of IRESS Limited's financial position as at 30 June 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of IRESS Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

AUDITOR'S INDEPENDENCE DECLARATION

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

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

Deloitte.

CONCLUSION

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

(a) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

G J McLean
Partner
Chartered Accountants
Melbourne, 5 August 2013

DIRECTORS' DECLARATION

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity.

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

On behalf of the Directors

Mr A Walsh

Managing Director

MELBOURNE, 5 August 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF–YEAR ENDED 30 JUNE 2013

		CONSOLIDATED	
	NOTE	HALF–YEAR ENDED 30 JUNE 2013 $'000	HALF–YEAR ENDED 30 JUNE 2012 $'000
Revenue		105,853	103,219
Customer data fees		(11,077)	(11,039)
Communication and other technology expenses		(5,450)	(5,847)
Employee benefits expenses	2	(44,261)	(40,801)
Employee administration expenses		(2,118)	(2,161)
Other expenses including general administration expenses		(3,840)	(3,214)
Facilities rent		(2,345)	(1,671)
Bad and doubtful debts		(10)	(23)
Business acquisition and restructure expenses		(2,220)	(94)
Profit before depreciation, amortisation, interest and income tax expense		34,532	38,369
Depreciation and amortisation expense		(8,858)	(10,563)
Profit before interest and income tax expense		25,674	27,806
Interest revenue		393	739
Interest expense		(88)	(91)
Net interest		305	648
Profit before income tax expense		**25,979**	**28,454**
Income tax expense	3	(8,159)	(8,787)
Profit after income tax expense		**17,820**	**19,667**
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Other comprehensive income		–	–
Exchange differences arising on translation of foreign operations		1,209	853
Total comprehensive income for the period		**19,029**	**20,520**
EARNINGS PER SHARE			
Basic earnings per share (cents per share)	9	13.82	15.43
Diluted earnings per share (cents per share)		13.73	15.37

Notes to the financial statements are included on pages 19 to 34.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

		CONSOLIDATED	
	NOTE	30 JUNE 2013 $'000	31 DECEMBER 2012 $'000
CURRENT ASSETS			
Cash and cash equivalent assets	11	57,257	55,967
Trade receivables		13,074	12,131
Other receivables		2,638	2,313
Current tax receivables		4,492	1,531
Total current assets		**77,461**	**71,942**
NON–CURRENT ASSETS			
Plant and equipment		8,118	7,768
Computer software		20,301	24,993
Goodwill		39,772	39,383
Intangibles		2,328	3,081
Deferred tax assets		8,066	9,954
Other financial assets		39	42
Total non–current assets		**78,624**	**85,221**
Total assets		**156,085**	**157,163**
CURRENT LIABILITIES			
Trade payables		10,555	8,309
Other payables		10,189	6,075
Current tax payables		1,212	3,503
Provisions		4,538	3,956
Total current liabilities		**26,494**	**21,843**
NON–CURRENT LIABILITIES			
Provisions		7,264	6,462
Deferred tax liabilities		3,309	2,020
Total non–current liabilities		**10,573**	**8,482**
Total liabilities		**37,067**	**30,325**
Net assets		**119,018**	**126,838**
EQUITY			
Issued capital	5	75,898	75,898
Reserves		42,186	36,314
Retained earnings		934	14,626
Total equity		**119,018**	**126,838**

Notes to the financial statements are included on pages 19 to 34.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF–YEAR ENDED 30 JUNE 2013

	CONSOLIDATED				
	ISSUED CAPITAL $'000	RETAINED EARNINGS $'000	SHARE BASED PAYMENTS RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	TOTAL $'000
HALF–YEAR ENDED 30 JUNE 2013					
OPENING BALANCE	75,898	14,626	47,220	(10,906)	126,838
Profit for the period	–	17,820	–	–	17,820
Increase/(decrease) in translation reserve arising on translation of foreign operations	–	–	–	1,209	1,209
Total comprehensive income for the period	**–**	**17,820**	**–**	**1,209**	**19,029**
Issue of share capital	–	–	–	–	–
Cost of share–based payments	–	–	4,663	–	4,663
Equity dividends	–	(31,512)	–	–	(31,512)
Closing balance	**75,898**	**934**	**51,883**	**(9,697)**	**119,018**
HALF–YEAR ENDED 30 JUNE 2012					
OPENING BALANCE	75,898	22,830	39,184	(10,060)	127,852
Profit for the period	–	19,667	–	–	19,667
Increase/(decrease) in translation reserve arising on translation of foreign operations	–	–	–	853	853
Total comprehensive income for the period	**–**	**19,667**	**–**	**853**	**20,520**
Issue of share capital	–	–	–	–	–
Cost of share–based payments	–	–	3,938	–	3,938
Equity dividends	–	(30,488)	–	–	(30,488)
Closing balance	**75,898**	**12,009**	**43,122**	**(9,207)**	**121,822**

Notes to the financial statements are included on pages 19 to 34.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF–YEAR ENDED 30 JUNE 2013

		CONSOLIDATED	
		INFLOWS (OUTFLOWS)	
	NOTE	HALF–YEAR ENDED 30 JUNE 2013 $'000	HALF–YEAR ENDED 30 JUNE 2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		115,742	110,514
Payments to suppliers		(33,445)	(31,699)
Payments to employees		(36,822)	(34,449)
Interest and bill discounts received		412	857
Interest paid		(6)	(3)
Withholding tax (paid)/received		(254)	475
Income tax paid		(9,940)	(11,713)
Net cash provided by operating activities		**35,687**	**33,982**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment and software		(3,997)	(3,188)
Payment for acquisition of subsidiaries		–	(321)
Proceeds from/(payment for) investment in listed companies		2	3
Proceeds from sale of plant and equipment		–	–
Dividends received		33	43
Net cash used in investing activities		**(3,962)**	**(3,463)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(31,447)	(30,492)
Net cash used in financing activities		**(31,447)**	**(30,492)**
Net increase/(decrease) in cash held		**278**	**27**
Cash at the beginning of the financial period		55,967	48,925
Effects of exchange rate changes on the balance of cash held in foreign currencies		1,012	290
Cash at the end of the financial period	11	**57,257**	**49,242**

Notes to the financial statements are included on pages 19 to 34.

1 BASIS OF PREPARATION OF THE HALF–YEAR FINANCIAL REPORT

STATEMENT OF COMPLIANCE

The half–year financial report is a general–purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, and AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. Compliance with AASB 134 ensures compliance with International Financial Reporting standard IAS 34 "Interim Financial Reporting".

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

The condensed half–year financial report should be read in conjunction with the annual financial report of IRESS for the year ended 31 December 2012. All amounts are presented in Australian dollars unless otherwise indicated.

It is also recommended that the half–year financial report be considered together with any public announcements made by IRESS during the half–year ended 30 June 2013 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The half–year financial report was authorised for issue by the directors on 5 August 2013.

BASIS OF PREPARATION

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

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

In the current year, the Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for annual reporting periods commencing on or after 1 January 2013. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Consolidated Entity's policies.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the half–year financial report are consistent with those adopted and disclosed in the Company's 2012 annual financial report.

2 EMPLOYEE BENEFIT EXPENSES

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

	CONSOLIDATED	
	HALF–YEAR ENDED 30 JUNE 2013 $'000	HALF–YEAR ENDED 30 JUNE 2012 $'000
Total monetary based expense (a)	39,598	36,863
Share based payment expense (b)	4,663	3,938
Total employee related expense	**44,261**	**40,801**

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

(b) Expense recognised in accordance with AASB 2 "Share Based Payments". This expense is a function of both the value and duration of the instruments granted. The expense recognised in 2013 represents a combination of share grants made in 2013 and in prior years.

Share based payment expense consists of

UK Establishment Share Grants (Note 10)	1,136	339
All other share rights	3,527	3,599
Total share based payments expense	**4,663**	**3,938**

3 INCOME TAX

INCOME TAX RECOGNISED IN PROFIT OR LOSS

TAX EXPENSE COMPRISES

Current tax expense	6,916	7,225
Adjustments recognised in the current year in relation to the current tax of prior years	(1,507)	(277)
Effect on deferred tax balances due to the change in income tax rate from 28.5% to 26.5% on our Canadian operations	–	330
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	2,790	1,642
Effect of different tax rates	(40)	(133)
Total tax expense	**8,159**	**8,787**

	CONSOLIDATED	
	HALF–YEAR ENDED 30 JUNE 2013 $'000	HALF–YEAR ENDED 30 JUNE 2012 $'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 before income tax expense	25,979	28,454
Income tax expense calculated at 30%	7,794	8,536
Non deductible expenses / non assessable income	1,397	615
Deductible share based payment expenses not previously recognised	515	(284)
Effect of different tax rates	(40)	(133)
Effect of research and development tax concessions	(1,181)	–
Effect on deferred tax balances due to the change in income tax rate from 28.5% to 26.5% on our Canadian operations	–	330
(Over)/under provision of income tax in previous year	(326)	(277)
Income tax expense	**8,159**	**8,787**

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.

4 SEGMENT INFORMATION

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

FINANCIAL MARKET SERVICES

The Consolidated Entity's financial market services division provides information, trading, compliance, order management, portfolio systems and related tools to cash equity participants in Australia, New Zealand, Canada, Asia and South Africa. In addition this segment recently established operations in the United Kingdom.

WEALTH MANAGEMENT SERVICES

In this division the Consolidated Entity provides financial planning systems and related tools to wealth management professionals located in Australia, New Zealand, South Africa, Asia and the United Kingdom

SEGMENT REVENUES

	EXTERNAL REVENUE	
	30 JUNE 2013 $'000	30 JUNE 2012 $'000
FINANCIAL MARKETS		
Australia & New Zealand	53,521	54,549
Canada	10,107	11,309
South Africa	8,062	7,843
Asia	593	239
United Kingdom	212	–
Total financial markets	**72,495**	**73,940**
WEALTH MANAGEMENT		
Australia & New Zealand	29,598	26,076
South Africa	2,550	2,972
Asia	119	100
United Kingdom	629	22
Total wealth management	**32,896**	**29,170**
Total of all segments	**105,391**	**103,110**
Unallocated	462	109
Revenue	**105,853**	**103,219**
Interest revenue	393	739
Consolidated	**106,246**	**103,958**

SEGMENT PROFITS / (LOSSES)

	30 JUNE 2013 $'000	30 JUNE 2012 $'000
FINANCIAL MARKETS		
Australia & New Zealand	25,435	27,106
Canada	2,525	3,418
South Africa	2,743	2,501
Asia	(1,115)	(1,274)
United Kingdom	(282)	–
Total financial markets	**29,306**	**31,751**
WEALTH MANAGEMENT		
Australia & New Zealand	13,084	11,607
South Africa	608	966
Asia	(739)	(839)
United Kingdom	(1,315)	(1,238)
Total wealth management services	**11,638**	**10,496**
Total of all segments	**40,944**	**42,247**
Share based payment expense (Refer Note 2(b))	(4,663)	(3,938)
Other contribution (a)	(1,749)	60
Profit before depreciation, amortisation, interest and income tax expense	**34,532**	**38,369**
Depreciation and amortisation expense	(8,858)	(10,563)
Net interest (b)	305	648
Profit before income tax expense	**25,979**	**28,454**
Income tax expense	(8,159)	(8,787)
Profit attributable to the members of the parent entity	**17,820**	**19,667**

(a) Primarily relates to expenses arising from investigations into potential acquisitions in growth markets.

(b) Includes $0.081m (2012: $0.088m) non–cash interest expense recognised on deferred consideration payable on the Peresys transaction, and other sundry expense of $0.004m (2012: contribution of $0.001m).

SEGMENT ASSETS AND INFORMATION

	30 JUNE 2013 $'000			31 DECEMBER 2012 $'000		
	CASH	RECEIVABLES	PAYABLES	CASH	RECEIVABLES	PAYABLES
Australia & New Zealand	32,223	10,292	(8,772)	35,779	9,659	(6,458)
Canada	2,834	789	(686)	1,716	1,043	(700)
South Africa	17,128	1,835	(881)	14,735	1,114	(930)
Asia	1,833	118	(114)	2,292	158	(141)
United Kingdom	3,239	40	(102)	1,445	157	(80)
Total consolidated	**57,257**	**13,074**	**(10,555)**	**55,967**	**12,131**	**(8,309)**

OTHER SEGMENT INFORMATION

	30 JUNE 2013 $'000	30 JUNE 2012 $'000
DEPRECIATION & AMORTISATION		
Australia & New Zealand	7,243	8,968
Canada	324	327
South Africa	972	1,025
Asia	182	206
United Kingdom	137	37
Total	**8,858**	**10,563**
ADDITIONS TO PLANT AND EQUIPMENT		
Australia & New Zealand	1,214	1,977
Canada	176	304
South Africa	824	637
Asia	123	59
United Kingdom	265	402
Total	**2,602**	**3,379**
ADDITIONS TO SOFTWARE		
Australia & New Zealand	1,136	853
Canada	–	–
South Africa	12	8
Asia	–	–
United Kingdom	–	–
Total	**1,148**	**861**

	CONSOLIDATED	
	30 JUNE 2013 $'000	31 DEC 2012 $'000
ADDITIONS TO PLANT AND EQUIPMENT THROUGH BUSINESS COMBINATIONS		
Australia & New Zealand	–	–
Canada	–	–
South Africa	–	–
Asia	–	–
United Kingdom	–	–
Total	**–**	**–**
TOTAL NON CURRENT ASSETS		
Australia & New Zealand	48,286	55,117
Canada	10,247	10,299
South Africa	16,571	16,759
Asia	2,758	2,502
United Kingdom	762	544
Total	**78,624**	**85,221**

5 ISSUED CAPITAL

	CONSOLIDATED	
	30 JUNE 2013 $'000	31 DEC 2012 $'000
ISSUED CAPITAL		
129,585,246 fully paid ordinary shares (31 December 2012: 128,620,231)	75,898	75,898

	30 JUNE 2013		31 DEC 2012	
	NO. '000	$'000	NO. '000	$'000
FULLY PAID ORDINARY SHARE CAPITAL				
Balance at beginning of half year	128,620	75,898	127,036	75,898
Issue of shares to IRESS Market Technology Equity Plan Trust ('Trust') pursuant to share plans (a)	965	–	1,584	–
Balance at end of half year	**129,585**	**75,898**	**128,620**	**75,898**

(a) Additional issued capital arising from the issue of these shares in the six month period to 30 June 2013 and 31 December 2012 amounted to $17 and $13 respectively.

PERFORMANCE RIGHTS

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

Performance rights granted in 2010 were eligible to vest in May 2013 subject to meeting the specified performance criteria. At the time, and in subsequent re-testing, the company has been ranked below the 50th percentile. Accordingly no rights have yet vested. Under the plan rules these rights are eligible for monthly re-testing until November 2013.

DEFERRED SHARES

Pursuant to deferred shares granted to the Managing Director, Executives and employees (refer Note 38 of the IRESS 31 December 2012 Annual Report) during the year which have not yet vested, 965,015 shares (1,046,105 shares less 81,090 treasury shares) were subscribed for by the Trust.

DEFERRED SHARE RIGHTS

Pursuant to deferred share rights granted in prior years which vested during the year, 61,920 shares were subscribed for by the Trust.

Following cancellations of share rights granted to employees, as at 30 June 2013, the Trust holds 6,100 treasury shares.

Further details of unvested performance rights, deferred shares and deferred share rights are set out in Note 10.

6 DIVIDENDS

	30 JUNE 2013		30 JUNE 2012	
	CENTS PER SHARE	TOTAL $'000	CENTS PER SHARE	TOTAL $'000
FULLY PAID ORDINARY SHARES				
Recognised amounts				
Final dividend (a)	24.5 (b)	31,512	24.0 (c)	30,488
		31,512		**30,488**
Unrecognised amounts				
Interim dividend	13.5 (d)	17,494	13.5 (e)	17,363
		17,494		**17,363**

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

(b) Franked to 90% at a 30% tax rate.

(c) Franked to 83% at a 30% tax rate.

(d) Franked to 90% at a 30% tax rate. The estimated value of the 2013 interim dividend (that will be declared subsequent to 30 June 2013) has been calculated based on 129,585,246 ordinary shares, comprising shares on issue as at 30 June 2013.

(e) Franked to 90% at a 30% tax rate

7 CONTINGENT LIABILITIES

Peresys (Proprietary) Limited (Peresys), a wholly owned subsidiary, has a potential exposure to fines arising from the processing of the company's change of year end to align with the IRESS Group practice of using a 31 December year end. Peresys was acquired by IRESS in January 2011, and while forms to change its registered year end date to 31 December were lodged, they were not ultimately processed by the Registrar of Companies. As a result, the financial year of Peresys for income tax purposes in South Africa was not automatically modified to 31 December. While Peresys has operated on the basis that the change was effective and has otherwise been compliant in terms of income tax payments, the mismatch means there is a possibility fines will be levied by the South African Revenue Service. There are a number of factors which make assessment of the financial exposure difficult to estimate (under some scenarios, there may be no fine at all). However, the potential fine estimated at 30 June 2013 is in the order of ZAR 0.867m (AUD $0.096m) (2012: in the order of ZAR 22m (AUD $2.5m)). Management are working with the regulators to minimise our exposure.

8 SUBSIDIARIES

NAME OF ENTITY	COUNTRY OF INCORPORATION / PRINCIPAL ACTIVITY	OWNERSHIP INTEREST 2013 %	2012 %
PARENT ENTITY			
IRESS Limited (a)	Australia		
SUBSIDIARIES			
IRESS (NZ) Limited (c)	New Zealand / Provision of sales and related services to users of IRESS technologies in New Zealand	100	100
IRESS Wealth Management Pty Ltd (b)	Australia / Provision of financial planning technology and related services	100	100
IRESS Canada Holdings Limited	Canada / Holding company	100	100
IRESS Data Pty Ltd (b) (c)	Australia / Data procurement	100	100
IRESS Asia Holdings Limited (c)	Hong Kong / Provision of financial market and financial planning technology and related services	100	100
IRESS Market Technology (Singapore) Pte Ltd (c)	Singapore / Provision of financial market and financial planning technology and related services	100	100
IRESS South Africa (Australia) Pty Ltd (b)	Australia / Software licensing company	100	100
Peresys (Proprietary) Ltd	South Africa / Provision of financial market technology and related services	100	100
IRESS Technology Limited (c)	United Kingdom / Provision of financial market and financial planning technology and related services	100	100

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

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

(c) Subsidiary provided with a letter of support from Parent entity.

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

		OWNERSHIP INTEREST	
NAME OF BUSINESS ACQUIRED / INCORPORATED	COUNTRY OF INCORPORATION / PRINCIPAL ACTIVITY	2013 %	2012 %
PlanTech Holdings Pty Ltd	Australia / Holding company for PlanTech companies below	100	100
IRESS Information Pty Ltd	Australia / Provider of risk (life insurance) information and PlanTech's financial planning services	100	100
Planning Resources Group Pty Ltd	Australia / No active operations, currently receives small amount of passive income associated with former PlanTech business	100	100
VisiPlan Pty Ltd	Australia / No active operations	100	100
TransActive Systems Pty Ltd	Australia / No active operations	100	100
Dealer Management Systems Pty Ltd	Australia / No active operations	100	100
FundData Pty Ltd	Australia / No active operations	100	100

In relation to its South African wealth management operations, IRESS Wealth Management Pty Ltd holds the following controlled entities.

		OWNERSHIP INTEREST	
NAME OF BUSINESS ACQUIRED / INCORPORATED	COUNTRY OF INCORPORATION / PRINCIPAL ACTIVITY	2013 %	2012 %
IRESS Spotlight Wealth Management Solutions (RSA) Pty Ltd	Australia / Provision of financial planning technology and related services	100	100
Spotlight Wealth Management (Pty) Ltd	South Africa / Provision of financial planning technology and related services	100	100
Advicenet Advisory Services (Pty) Ltd	South Africa / Provision of financial planning technology and related services	100	100
IRESS Wealth Management (RSA) (Proprietary) Limited	South Africa / Dormant	100	100

IRESS Canada Holdings Limited holds the following controlled entities.

NAME OF BUSINESS ACQUIRED / INCORPORATED	COUNTRY OF INCORPORATION / PRINCIPAL ACTIVITY	OWNERSHIP INTEREST 2013 %	OWNERSHIP INTEREST 2012 %
IRESS (Ontario) Limited	Canada / Holding company	100	100
KTG Technologies Corp.	Canada / Dormant	100	100
IRESS Market Technology Canada LP	Canada / Provision of financial market technology and related services	100	100
IRESS (LP) Holdings Corp.	Canada / General partner to IRESS Market Technology Canada LP	100	100

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

NAME OF BUSINESS ACQUIRED / INCORPORATED	COUNTRY OF INCORPORATION / PRINCIPAL ACTIVITY	OWNERSHIP INTEREST 2013 %	OWNERSHIP INTEREST 2012 %
Sentryi Pte Ltd (a)	Singapore / Dormant	N/A	100

(a) Wound up pursuant to Members Voluntary Liquidation effective 19 June 2013.

Peresys (Proprietary) Ltd holds the following controlled entity.

NAME OF BUSINESS ACQUIRED / INCORPORATED	COUNTRY OF INCORPORATION / PRINCIPAL ACTIVITY	OWNERSHIP INTEREST 2013 %	OWNERSHIP INTEREST 2012 %
Peresys Software Limited	Ireland / Provision of services to Peresys (Proprietary) Ltd	100	100

Within the IRESS group there are unsecured funding arrangements in place.

9 EARNINGS PER SHARE

	HALF–YEAR ENDED 30 JUNE 2013 Cents per Share	HALF–YEAR ENDED 30 JUNE 2012 Cents per Share
Basic earnings per share	13.823	15.430
Diluted earnings per share	13.726	15.365

BASIC EARNINGS PER SHARE

		'000	'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 statement of comprehensive income	$	17,820	19,667
Weighted average number of ordinary shares (a)	No.	128,913	127,457

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

DILUTED EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows.			
Earnings used in the calculation of diluted earnings per share reconciles to profit attributable to the members of the parent entity in the statement of comprehensive income	$	17,820	19,667
Weighted average number of ordinary shares (refer to footnote (a) above)	No.	129,827	127,999
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	No.	128,913	127,457
Shares deemed to be issued for no consideration in respect of performance rights (i.e. the dilutive impact of performance rights in existence during the year that were exercisable at below the weighted average market price) (a)	No.	914	542
Weighted average number of converted, lapsed, or cancelled potential ordinary shares used in the calculation of diluted earnings per share	No.	–	–
Right to purchase ordinary shares pursuant to the employee share scheme	No.	–	–

(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 30 June 2013 continues at that level through to the final vesting date for the applicable performance right.

10 SHARE BASED PAYMENTS

Deferred shares were issued to staff in 2011. After adjusting for lapses and cancellations, 524,920 deferred shares vested. Of these deferred shares, 30,000 vested with IRESS' Managing Director Andrew Walsh.

Deferred share rights were issued to staff in 2011. After adjusting for lapses and cancellations, 61,920 deferred share rights vested.

MAY 2013 GRANTS

Effective from 7 May 2013, the Board issued share grants with a fair value of $9,282,993 (2012: $14,066,153) made up as follows:

- 130,000 and 55,000 (2012: 160,000 and 65,000) performance rights and deferred shares respectively to the Managing Director;
- 83,300 and 65,580 (2012: 204,760, 76,760 and 17,580 performance rights, deferred shares and deferred share rights respectively) performance rights and deferred shares respectively to Executives;
- 165,810, 689,660 and 67,820 (2012: 196,890, 871,480 and 76,610) performance rights, deferred shares and deferred share rights respectively to employees of the Consolidated Entity; and
- There were no deferred shares and deferred share rights issued to certain employees in the United Kingdom associated with the establishment of the Consolidated Entity's operations in the United Kingdom (UK Establishment Share Grants) (2012: 333,361 and 581,212 deferred shares and deferred share rights respectively).

In accordance with the Employee Deferred Share Plan and Employee Deferred Share Rights Plan, and subject to the satisfaction of individual performance criteria:

- Deferred Shares will vest in 1, 2 and 3 years; and
- Deferred Share Rights will vest in 3 years.

The United Kingdom grants noted above are linked to specific criteria associated with the establishment of these businesses in the region and have 1, 2, 3 and 4 year vesting periods.

Performance Rights issued to the Managing Director were issued in two tranches as set out below and subject to the satisfaction of the peer group performance criteria, will vest in 4 years from the grant date (i.e. 7 May 2017) in accordance with the Employee Performance Rights Plan.

- 65,000 performance rights with measurement commencing May 2013 (2012: 80,000 measurement commencing May 2013)
- 65,000 performance rights with measurement commencing May 2014 (2012: 80,000 measurement commencing May 2014)

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

TOTAL UNVESTED SHARE GRANTS

The following table reconciles the Performance rights outstanding at the beginning of the year and end of the six months ended 30 June 2013.

	2013	2012
PERFORMANCE RIGHTS	**NUMBER OF PERFORMANCE RIGHTS**	**NUMBER OF PERFORMANCE RIGHTS**
Balance at beginning of year	1,419,510	1,244,290
Granted during the period	379,110	561,650
Realisable during the period	–	(191,360)
Cancelled during the period	–	(195,070)
Balance at end of period	**1,798,620**	**1,419,510**

The following table reconciles the Deferred Shares outstanding at the beginning of the year and end of the six months ended 30 June 2013.

	2013	2012
DEFERRED SHARES	**NUMBER OF DEFERRED SHARES**	**NUMBER OF DEFERRED SHARES**
Balance at beginning of year	1,859,581	1,117,170
Granted during the period	810,240	1,346,601
Realisable during the period	(524,920)	(535,490)
Cancelled during the period	(14,440)	(68,700)
Balance at end of period	**2,130,461**	**1,859,581**

The following table reconciles the Deferred Share rights outstanding at the beginning of the year and end of the six months ended 30 June 2013.

	2013	2012
DEFERRED SHARE RIGHTS	**NUMBER OF DEFERRED SHARE RIGHTS**	**NUMBER OF DEFERRED SHARE RIGHTS**
Balance at beginning of year	733,602	141,090
Granted during the period	67,820	675,402
Realisable during the period	(61,920)	(65,410)
Cancelled during the period	–	(17,480)
Balance at end of period	**739,502**	**733,602**

For further details, please refer to notes 35 to 40 of the Company's Annual Report for the Year Ended 31 December 2012.

11 CASH AND CASH EQUIVALENTS

For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents comprise the following at 30 June 2013 and 31 December 2012.

	30 JUNE 2013 $'000	31 DECEMBER 2012 $'000
Cash at bank and on hand	42,257	40,967
Short–term deposits	15,000	15,000
Total cash and cash equivalents	**57,257**	**55,967**

12 SUBSEQUENT EVENTS

Other than as noted below, there has not been any matter or circumstance that has arisen since the end of the half-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.

In line with the Consolidated Entity's objectives, on 5 August 2013 an agreement has been entered into to acquire Avelo FS Holdings ("Avelo"). Avelo is a leading provider of wealth management technology in the United Kingdom with product offerings that complement IRESS' existing wealth management product capability and strategic focus.

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

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