20 February 2013

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

ELECTRONIC LODGEMENT

Dear Sir or Madam

IRESS 2012 Full Year Media Release

Please find attached a media release relating to the company's financial results for the period ending 31 December 2012.

Yours sincerely,

Peter Ferguson
Company Secretary

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Media Release: 20 February 2013

Underlying Group Profit $54.4m (2011: $59.8m), down 9.0%

Segment Profit (before investments) down 1.9% on prior year

Segment Profit (after investment increase) down 6.4% on prior year

Strong contribution by Wealth Management

Reported Group Profit $39.2m (2011: $41.3m) down 5.1%

Final dividend of 24.5¢, 90% franked

IRESS today announced its results for the full year ended 31 December 2012. The Company provided the following breakdown of its results.**

		Financial Markets (A$m)	Wealth Management (A$m)	Investments (A$m)	Underlying Group (b) (A$m)	Reported Group (A$m)
Operating Revenue	**2012**	146.020	59.408	1.315	206.743	
	2011	148.193	55.113	1.220	204.526	
	2010	128.026	50.854	0.930	179.811	
Segment Profit	**2012**	65.387	24.950	(6.932)	83.405	
	2011	70.029	21.978	(2.893)	89.114	
	2010	66.747	21.129	(1.731)	86.144	
Segment Profit before tax (b)	**2012**	62.069	23.615	(7.433)	78.251	
	2011	68.480	20.711	(3.165)	86.026	
	2010	67.354	18.629	(1.935)	84.048	
Profit after Tax (b)	**2012**	43.138	16.412	(5.166)	54.384	**39.228**
	2011	47.593	14.394	(2.200)	59.788	**41.341**
	2010	46.811	12.947	(1.345)	58.413	**50.479**

*** A more detailed breakdown of operating results is included as an attachment to this release and in the accompanying slide presentation.*
(a) IRESS considers inter-period comparability of results is best presented as the underlying operating results of the relevant businesses calculated excluding share based payments, non-recurring items, and strategic amortisation charges and has presented results consistently in this way for the past 8 years.
(b) A reconciliation of Segment Profits to reported group Profit After Tax is set out in the segment information note (Note 24) included in the Financial Statements accompanying this announcement.

IRESS' Directors declared a final dividend of 24.5 cents per share, 90% franked at a 30% tax rate (2011: 24.0 cents per share 83% franked at a 30% tax rate,) payable on 28 March 2013.

OVERALL GROUP

IRESS' Managing Director, Andrew Walsh said that the company's result is better than anticipated given the business environment backdrop in 2012 and recent years. The impact from ongoing decline in equity market conditions has continued to affect our client base over the year which has sustained focus on cost reduction by financial markets clients, particularly evident by headcount decline and service consolidation. In spite of this situation, we have experienced strong demand for products and solutions in segments, particularly for our wealth technology, which has significantly minimised the financial impact of contraction for IRESS.

In aggregate Australian dollars, net revenue growth for the group was slightly positive for the year showing the resilience of diversified products and segments. Our focus is maintained on quality delivery of services consistent with highly proportional recurring revenue. Despite some revenue contraction, costs remain at an appropriate level to support client requirements and business growth objectives. Segment Profit declined by 1.9% for the year, before allowing for medium-term growth investments.

Trading into 2013 has commenced net positive, which will help to offset negative trading momentum during 2012. The start of the year has seen a turnaround in sentiment towards equity markets translating to increased trading activity, indicating some cautious optimism from few data points, however we remain cautious on short term results. Should sentiment continue to improve during the year we would still anticipate subdued increase in broad demand for our services. With flattish 2012 revenue growth impacting 2013 and our deliberate investments in future growth, we expect a decline in group segment profit by a similar level in 2013.

We consider levels of investment in organic initiatives to be appropriately balanced in the context of market opportunities, IRESS' financial position, and are confident that these represent sound medium-long term growth platforms. Investment levels in 2013 are expected to be less than 4% of group revenue. This will continue to be monitored in the context of prevailing opportunities and adjusted to accelerate revenue growth where available.

We continue to actively consider acquisitions where these make sense to bring forward growth, within the parameters of our longstanding risk profile.

Dividend

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. Dividends continue to be franked to the maximum extent possible.

In respect of second half earnings, directors declared a dividend of 24.5c, franked at 90% (at a 30% tax rate). This final dividend brings the full year dividend to 38c representing 125% of reported group profit after tax for the year, and 90% of underlying group earnings (including all growth investments).

AUSTRALIA & NEW ZEALAND

Financial Markets

Revenue experience has been flat in 2012. The business has seen revenue growth in client segments and specific products, which has materially offset the impact of gradual headcount reduction in the client base and business consolidation.

Demand for IOS+, IPS and retail online trading solutions has been notable in offsetting the affect of headcount decline across the client base. Additional revenue opportunities following the introduction of trading venue competition continue to flow through by way of new products and implementations, however overall these have been more gradual than might have been anticipated as a result of broad market conditions and diluted regulatory obligations for best execution.

The business experienced slight revenue decline of 0.2% for the year, and after the impact of costs while controlled, a segment profit decline of 3.8%.

Trading at the start of 2013 has persisted net flat with flat to negative momentum. While sentiment and equity volumes have changed direction in January, we remain cautious on trend and the timing of translation to financial services businesses and our own results. We continue to expect similar conditions this year which includes maintaining our ability to respond to new revenue opportunities.

Wealth Management

Ten years since the commencement of IRESS Wealth Management, the diversification and growth opportunities made possible by careful investment and product development over time, are evident in this and recent results. Revenue growth for the year was 9.7% which translated to a segment profit increase of 15.2%.

A number of parallel themes are driving and increasing demand for our solutions.

Regulatory preparedness ahead of FoFA deadlines in 2013 is clearly a focus for all participants. Our FoFA capability and positioning is market leading, and underpinned by implementation projects market-wide, particularly in the critical area of integrated remuneration management.

While participant preparedness for FoFA varies, advisers and businesses in advanced stages are already focusing on or responding to post-GFC and FoFA worlds where technology, efficiency, value, and engagement are at the heart of consumer expectations. Our strategic role, engagement, and increasing global experience in this segment uniquely positions IRESS to continue to provide solutions in response.

Early trading in 2013 has continued with strong positive momentum, and based on current implementations and commencing projects, we expect similar strong segment profit growth for the year.

CANADA

Our position in Canada doesn't yet demonstrate resilience from breadth and diversification by product and segment as observed in our businesses in other regions. This has left us highly correlated to sell-side broking which is clearly the most challenged of the business segments we service. Our clients in Canada have continued to experience declining conditions and financial stress, triggering headcount reduction and significant pricing and competitive pressure impacting on our business.

This has resulted in a revenue decline for the year of 9.1% (CAD), directly and negatively impacting segment profit by nearly 23% (CAD). While trading in 2013 has commenced flat to slightly positive, the impacts of 2012 will certainly be felt in 2013 where even flat subscription revenue for the balance of the year would result in a similar year on year decline.

Together with ongoing investment in our trading solutions, our business priority in Canada is to diversify our revenue sources, which has proven to enhance resilience for the group. Business segments, such as market data, retail online trading and private wealth management, present opportunities for us where we are working with seed opportunities and positioning experience locally. However, these areas will be insufficient to offset short-term impacts.

SOUTH AFRICA

Revenue growth was strong in local currency during the year following large strategic deployments and medium-term investment decisions. The extension of our high-performance managed environment in Johannesburg was coordinated with market-wide technology change and resulted in the overwhelming majority of our financial markets client base moving to our fully hosted and managed trading solution.

The positioning of our strengths across financial markets and wealth management presents unique product and solution opportunities aligning with the strategic goals of our clients and prospects. This is an area of increased focus as we see advisory businesses demand more efficient tools to manage and implement portfolios, to generate advice, and to service and interact with clients. These trends are consistent with other regions and importantly have an eye to global regulatory trends.

Revenue growth in the year was 13.4% (ZAR), which after delivery and infrastructure investment, saw segment profit increase by 0.2% (ZAR). The appreciation of the Australian dollar against the Rand over the period negatively impacted the group result.

Trading in early 2013 has commenced down as a result of seasonal volumes but with underlying strong subscription revenue. During the year we expect good progress on project deliveries and new product opportunities that leverage our core infrastructure providing a good basis for growth.

INVESTMENTS

<u>Asia</u>

Our primary focus in 2012 has been supporting clients implementing white-label and proprietary responses to the collapse of MF Global in late 2011. This has been successful with the majority of revenue now reinstated and a promising set of opportunities stemming from these projects. As a result we are positioned behind our plans by approximately 12-18 months.

We maintain a strategic view to our positioning in Asia across financial markets and wealth management as more institutional businesses look regionally. Our capability regionally is increasingly important to Australian businesses operating in Asia and Asian businesses in Australia, where there have been a number of new names over the past twelve months.

The Asian cost base continues to be managed within our net loss limit of $4.0m per annum. With established cost base, and revenue priority, we expect to reduce net loss in 2013. Growth opportunities in the region may also include acquisitions where these make sense.

<u>United Kingdom</u>

In late 2011, IRESS commenced UK operations after selection as strategic advice technology provider by Sesame Bankhall Group (SBG). Following an intensive localisation effort supported by SBG's commitment to XPLAN, the pilot and rollout of XPLAN commenced in July receiving an extremely pleasing response. Our investment in localised product, service and technology has seen a positive response whereby 170 firms representing over 700 advisers have proactively registered to adopt XPLAN.

Concurrent with this result, IRESS has announced that Towry will implement XPLAN as its core advice platform. In the UK, Towry is one of the largest high net worth advice specialists and in the top ten advice firms by turnover. This underlines the competitiveness and relevance of XPLAN in the UK market, and progresses our strategy to expand beyond our seed engagement.

The last twelve months have been very rewarding as we make differentiating progress in the UK. Our progress and success in the UK over a short period is a credit to our people and product suite.

We continue to see a healthy pipeline of opportunities stimulated by the need for integration, efficient advice, and effective oversight demanded by the new paradigm set in the UK by the Retail Distribution Review (RDR).

Revenue contribution will be visible during 2013 as XPLAN is implemented. At this stage, the outlook for IRESS' UK division during this establishment phase remains unchanged, such that the net loss limit continues to be set at $5.0m per annum. This level of investment continues to be reviewed regularly based on prevailing opportunities.

For further information please contact:

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		FM A&NZ (A$m)	WM A&NZ (A$m)	**Total A&NZ (A$m)**	**RSA (Rm)c**	**Canada (C$m)c**	**Asia (A$m)**	**UK (GBPm)c**	**Underlying Group**	**Strategic / Non -Op Chgs**	**Group Total**
Recurring Operational (a)											
Operating Revenue	**2012**	108.756	53.864	162.619	179.736	22.356	0.984	0.214	206.742	-	206.742
	2011	108.919	49.122	158.041	158.533	24.606	1.220	-	204.526	-	204.526
	2010	104.538	43.783	148.321	47.327	22.189	0.930	-	179.811	-	179.811
Segment Profit	**2012**	54.216	23.366	77.582	54.550	6.507	(3.969)	(1.931)	83.405	-	83.405
	2011	56.289	20.289	76.578	54.430	8.423	(2.774)	(0.078)	89.114	-	89.114
	2010	58.904	18.661	77.565	16.542	7.423	(1.731)	-	86.144	-	86.144
Profit before tax (b)	**2012**	51.856	21.987	73.843	52.426	5.820	(4.340)	(2.015)	78.252	(12.692)	65.560
	2011	55.412	19.051	74.463	53.425	7.842	(3.047)	(0.078)	86.025	(17.827)	68.198
	2010	60.114	16.297	76.411	15.629	6.853	(1.935)	-	84.048	(9.560)	74.488
Profit after Tax (b)	**2012**	36.040	15.281	51.321	36.436	4.045	(3.017)	(1.401)	**54.383**	(8.821)	45.562
	2011	38.511	13.240	51.751	37.130	5.450	(2.117)	(0.054)	**59.788**	(12.390)	47.398
	2010	41.779	11.326	53.105	10.862	4.763	(1.345)	-	**58.413**	(6.644)	51.769
SBP & Non-Recurring:											
Share Based Pmts.	**2012**	(6.798)	-	(6.798)	-	-	-	-	(6.798)	(1.657)	(8.455)
	2011	(7.090)	-	(7.090)	-	-	-	-	(7.090)	-	(7.090)
	2010	(6.900)	-	(6.900)	-	-	-	-	(6.900)	-	(6.900)
Total Non-Rec Exp. Before Tax	**2012**	0.094	(0.557)	(0.463)	1.916	0.048	(0.266)	(0.027)	(0.795)	-	(0.795)
	2011	(0.364)	(0.202)	(0.566)	(0.990)	(0.229)	(0.011)	-	(0.955)	-	(0.955)
	2010	(0.181)	0.268	0.087	0.198	0.070	0.050	-	0.237	-	0.237
Sundry Consolidations	**2012**								0.534		0.534
	2011								-		-
	2010								-		-
Tax on SBP & Non Recurring Items	**2012**										3.718
	2011										1.989
	2010										5.372
Reported:											
Profit after tax	**2012**										**39.228**
	2011										**41.341**
	2010										**50.479**

(a) More commentary on operating results, share based payment ("SBP") expenses, non-recurring items and strategic charges are included in the accompanying slide presentation.
(b) The Recurring Operational totals have been calculated before SBP expenses as inter-period comparability is affected by changes in the vesting period of share grants.
(c) Please note figures in this column are reported in the underlying natural currency for this business segment.