24 August 2012

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

ELECTRONIC LODGEMENT

Dear Sir or Madam

Appendix 4D – IRESS Preliminary Half Year Report

Please find attached an Appendix 4D Notice relating to the company's half year financial results for the period ending 30 June 2012.

Yours sincerely,

Peter Ferguson
Company Secretary

IRESS Limited
A.B.N. 47 060 313 359

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Rules 4.1, 4.3

Appendix 4D
Preliminary half year report

Name of entity	ABN reference
IRESS Limited	47 060 313 359

1. Reporting Periods

Financial half-year ended ('current period')	Financial half-year ended ('previous corresponding period')
30 June 2012	30 June 2011

2. Results for announcement to the market

$A'000

Key Information	Current Period	Previous Corresponding Period	% Change Increase/(Decrease)	Amount Increase/(Decrease)
Revenue from ordinary activities	103,958	101,057	2.87	2,901
Profit before income tax expense	28,454	30,369	(6.31)	(1,915)
Net profit attributable to the members of the parent entity	19,667	21,743	(9.55)	(2,076)
Dividends (distributions)			**Amount per security**	**Franked amount per security at 30% tax**
Interim Dividend	Record Date Payable	14 September 2012 28 September 2012	13.5¢	12.15¢
Supplementary Comments of any figures above: Please refer to the Reviewed Financial Statements for the half-year ended 30 June 2012.				

3. Condensed consolidated statement of comprehensive income
Please refer to the Reviewed Financial Statements for the half-year ended 30 June 2012.

4. Condensed consolidated statement of financial position
Please refer to the Reviewed Financial Statements for the half-year ended 30 June 2012.

5. Condensed consolidated statement of changes in equity
Please refer to the Reviewed Financial Statements for the half-year ended 30 June 2012.

6. Condensed consolidated statement of cash flows
Please refer to the Reviewed Financial Statements for the half-year ended 30 June 2012.

7. Dividends

		Date paid/payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign sourced dividend
Interim dividend:	Current year	28 September 2012	13.5¢	12.15¢	–
	Previous year	30 September 2011	14.0¢	12.6¢	–
Final dividend:	Current year	n/a	-	-	–
	Previous year	30 March 2012	24.0¢	19.92¢	–

Total dividend (distribution) per security (interim)	Current year	Previous year
+ Ordinary securities Preference + securities	13.5¢	14.0¢

Total dividend (distribution)paid/payable (interim)

		Current period $A'000	Previous corresponding period * $A'000
+Ordinary securities (each class separately)	Interim	17,338	17,785
Preference + securities (each class separately)	Interim	–	–
Other equity instruments (each class separately)	Interim	–	–
Total		**17,338**	**17,785**

* Where applicable, amounts provided have been updated to reflect the actual dividend paid.

8. Dividend Reinvestment plans

The company does not have a dividend reinvestment plan.

9. NTA Backing

	Current Period	Previous Corresponding Period
Net tangible asset backing per +ordinary security (¢ per share)	60.1¢	60.8¢

10. Controlled entities

Please refer to note 7 of the Reviewed Financial Statements for the half-year ended 30 June 2012.

11. Other Significant Information

Please refer to the Reviewed Financial Statements for the half-year ended 30 June 2012.

12. Foreign Entities

Please refer to note 7 of the Reviewed Financial Statements for the half-year ended 30 June 2012.

13. Commentary

13.1 Earnings per security
Please refer to note 8 of the Reviewed Financial Statements for the half-year ended 30 June 2012.

13.2 Returns to shareholders including distributions and buy backs
Please refer to the Reviewed Financial Statements for the half-year ended 30 June 2012.
Note 5 Issued Capital
Note 6 Dividends

13.3 Significant features of operating performance

In looking at the consolidated entity's performance during the half year to 30 June 2012, the following are important themes:

- Our recurring subscription model continues to drive results and outlook;
- We continue to pursue medium term growth opportunities that represent significant background activity and investment reflected in costs;
- Economic conditions continue to create a challenging environment for the financial services sector generally, particularly for our sell-side broking clients;
- Demand for our leading solutions remained, most noticeably for retail wealth management technology and services; and
- Demand for skilled staff relevant to our business activities continues to remain firm.

During the half-year ended 30 June 2012 net profitability of the consolidated entity was impacted by:

- Australia & New Zealand Financial Markets – Operating revenue $54.5m (2011: $54.0m) up 1%; segment profits $27.1m (2011: $28.5m) down 4.8%. The net revenue movement has been largely flat, reflecting the continued difficult trading conditions for our clients and lessened regulatory push on best execution in the short term. The cost base reflects full half impact of headcount growth in the second half of 2011 and some growth in H1 2012, primarily associated with supporting our activities domestically and broader operations globally. Favourable effects arose from bad debt expense and business acquisition related expenses in the prior period, absent in the current period. The combined impact was a margin decline from 52.7% to 49.7%.
- Australia & New Zealand Wealth Management – Operating revenue $26.1m (2011: $23.7m) up 10.2%; segment profits $11.6m (2011: $9.7m) up 19.5%. The strong uplift in revenues reflects continued growth during the half, on top of the strong growth observed in the second half of 2011. This uplift in revenues more than offset cost growth, resulting in margin uplift from 41.0% to 44.5%.
- Canadian Financial Markets – Operating revenue $11.3m (2011: $11.7m) down 3.5%; segment profits $3.4m (2011: $3.9m) down 11.4%. Appreciation of the AUD against the CAD by 1% in the twelve months to June 2012 was a factor impacting on comparability. Results in local currency terms were, Operating revenue CAD 11.8m (2011: CAD 11.9m) down 1.0%; segment profits CAD 3.6m (2011: CAD 3.9m) down 9.1%. Our Canadian operations are largely based on revenues from sell-side brokers, who have been particularly exposed to declined equity market transactional volumes. Combined with modest cost increases, the impact was a CAD margin decline from 32.9% to 30.3%.
- The South African Financial Markets division – Operating revenue $7.8m (2011: $7.3m) up 7.7%; segment profits $2.5m (2011: $2.7m) down 6.4%. Impacting on comparability is a contribution of slightly less than the full six month period in the prior year. Appreciation of the AUD against the ZAR by 15.4% over the twelve months to June 2012 is a significant factor impacting on comparability. Results in local currency terms were, Operating revenue ZAR 64.0m (2011: ZAR 51.8m) up 23.5%; segment profits ZAR 20.0m (2011: ZAR 19.0m) up 5.2%. Cost increases included additional 10 staff to support significant initiatives underway and expenses associated with expanded and enhanced core infrastructure. The combined impact was a ZAR margin decline from 36.7% to 31.3%.
- South African Wealth Management – Operating revenue $3.0m (2011: $3.1m) down 3.8%; segment profits $1.0m (2011: $0.7m) up 32.5%. Appreciation of the AUD against the ZAR by 15.4% over the twelve months to June 2012 is a significant factor impacting on comparability. Results in local currency terms were, Operating revenue ZAR 24.3m (2011: ZAR 21.9m) up 10.8%; segment profits ZAR 7.9m (2011: ZAR 5.1m) up 53.4%. The revenue growth and a flat cost base combined to uplift ZAR margin from 23.5% to 32.5%.
- Asian Financial Markets – Operating revenue $0.2m (2011: $0.5m); segment loss $(1.3)m (2011: $(0.5)m). Comparability of results is significantly impacted by the loss of MF Global in the second half of 2011, reducing revenues from a major client to the division. During 2012 the focus has been implementing solutions and opportunities following the exit of MF Global.
- Asian Wealth Management – Operating revenue $0.1m (2011: $0.07m); segment loss $(0.8)m (2011: $(0.6)m).
- UK Wealth Management – Segment loss ($1.2)m. This operation was established in November 2011, and given its start-up phase generated minimal revenue for the period.

The reported net profit after tax was $19.7m, (2011: $21.7m) a 9.5% decrease on reported profits for the same period last year. Impacting on comparability of results for 2011 and 2012 are:

- Organic revenues growth of $2.8m a 2.8% increase flowing from divisional activities as described above;
- Negligible change in customer data fees;
- Communication costs increased by $0.7m, a 14.2% increase, which primarily arises from expansion of our core

network infrastructure in South Africa, Asia and the UK, together with enhancements to the Australian network capability;

- Employee benefits expenses increased by $4.4m, an 11.9% increase on the prior year. This movement is driven by a number of factors that primarily include:
  - Headcount increases as our business grows. Average full time equivalent employees ("FTE") for the six months ended 30 June 2012 was 676.2 (June 2011: 606.1). Of this increase, approximately half was in Australia, with the remainder from our South African and Asian operations. Also late in 2011 we established our UK operations.
  - Share based payments expenses, which is a function of the value of grants made in prior periods and their duration. The expense for the half was $3.9m (2011: $3.3m), a 19.6% increase reflecting increased grants made last year. The actual value of share grants made in 2012 was $14.1m, of which $5.2m is associated with a once-off incentive arrangement associated with the establishment of our operations in the UK. Excluding this component, the grant was $8.9m representing a 5.2% decline; and
  - Moderate inflationary cost pressures and some organisational restructuring costs.
- Other employee administration expenses increased by $0.5m a 30% increase on the prior year primarily reflecting travel and related costs associated with our increasingly global business activities.
- Facilities costs increased by $0.1m a 5.8% reflecting office relocations in Brisbane, Perth and Singapore completed during 2011 and our recently established UK operations;
- The bad and doubtful debts expense in the period declined by $0.3m or 93.4% on the prior year, which is not driven by the current period. The prior year period included a minor increase in the accrual in FM RSA combined with a $0.250m top up to the provision following the bad debts experienced during that half;
- Business acquisition expenses in the current period reflected a performance related commission payment. The prior period included costs associated with acquisition transactions entered into with Peresys (Proprietary) Ltd;
- Depreciation and amortisation decreased by $0.5m to $10.6m a 4.6% decline. This movement:
  - Operational depreciation and amortisation (as referred to in management presentations) increased to $3.0m for the half (2011: $2.2m) following a modest increase of general investment in operational assets and some minor leasehold improvements
  - Depreciation and amortisation of certain assets recognised on the acquisition of a company or similar transaction (typically computer software) and referred to in management presentations as Strategic Charges, decreased by $1.4m in the half. This flows from certain assets becoming fully written down during the period (most noticeably the Visiplan Software asset) and full period impact of assets recognised on the Peresys acquisition transaction; and
- The effective income tax rate increased from 28.4% to 30.9% which was influenced by a combination of factors including reduced tax rates applicable to our Canadian operations, and reduced deductions available in the period from non-vesting of performance rights granted in prior periods.
- The collective impact of these changes was a decrease in basic EPS from 17.22 cents per share to 15.43 cents per share, a decrease of 10.4%.

13.4 Other factors which have affected or likely to affect the results
Please refer to the Reviewed Financial Statements for the half-year ended 30 June 2012.

14. Compliance Statement

This report should be read in conjunction with the Reviewed Financial Statements for the half-year ended 30 June 2012.

Sign here: (Company Secretary)

Date: 24 August 2012

Print name: PETER FERGUSON