



Integrated Research Limited

FY2010 Financial Results

ABN: 76 003 558 449

September 2010

Investor Presentation





















Providing Business Insight™

Integrated Research at a glance

- Developers of Prognosis, for real-time, high definition monitoring of continuity-critical systems
- Market leadership in IP Telephony, Payments and HP NonStop
- A sustainable competitive advantage that can be extended quickly, easily and cost effectively
- A world-class R&D capability to build new products for new markets
- A global tier-one customer base
- Strategic global alliances with leading vendors
- Consulting Services to increase the value of Prognosis to our customers
- Innovative and hard-working people



Leading in high-growth markets

- 8 of the world's 10 largest companies
- 4 of the 5 biggest aerospace and defence companies
- 6 of the 10 biggest telcos
- 6 of the 10 biggest stock exchanges
- 4 of the 10 biggest oil and gas companies
- The 2 biggest aircraft manufacturers

Financial Results



FY10 highlights

Financial strength

Profitable and debt-free

Challenging conditions in FY10

New license sales down 20% to \$17.4M

Total revenue down 13% to \$37.3M

Net profit after tax down 31% to \$5.4M

Result impacted by stronger AUD

Sales down 7% and profit down 16% on constant currency basis

\$1.6M hedging gain

IP Telephony growth

148 new customers

Over 4 million phones licensed

80+ new resellers signed

Billings up 6%

New products and alliances

New IPT and Payments products launched

Global alliances with ACI Worldwide and Stratus Technologies

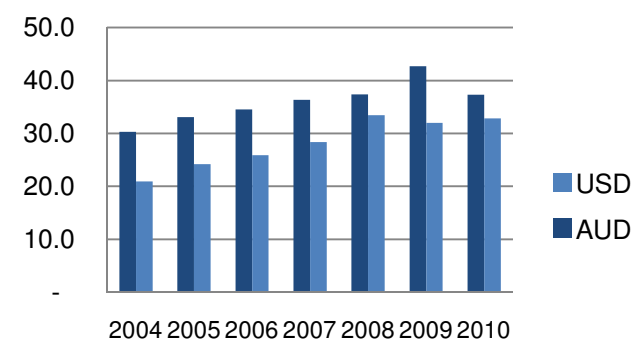
HP NonStop

Sales down due to customer cost control and deferred spend

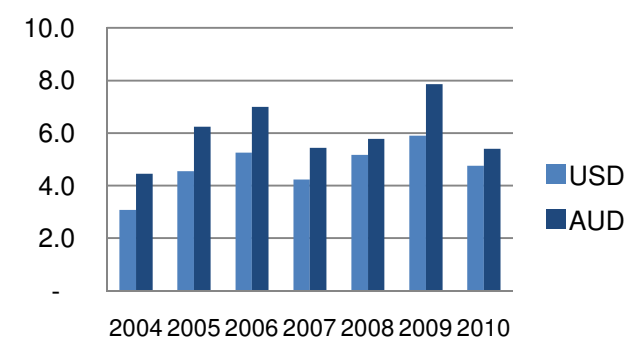
Financial results

	30 June 2010 A\$000's	30 June 2009 A\$000's	% change
Licence fees	17,386	21,723	(20%)
Maintenance fees	16,846	19,217	(12%)
Consulting fees	1,999	1,685	19%
Other	1,072	59	
Total revenue	37,303	42,684	(13%)
R&D expenses - net	8,347	8,244	1%
Sales, consulting & marketing expenses	19,197	18,932	1%
General & Administrative expenses	4,054	6,142	(34%)
PBT	6,046	9,820	(38%)
PAT	5,401	7,863	(31%)

Revenue



Profit after tax

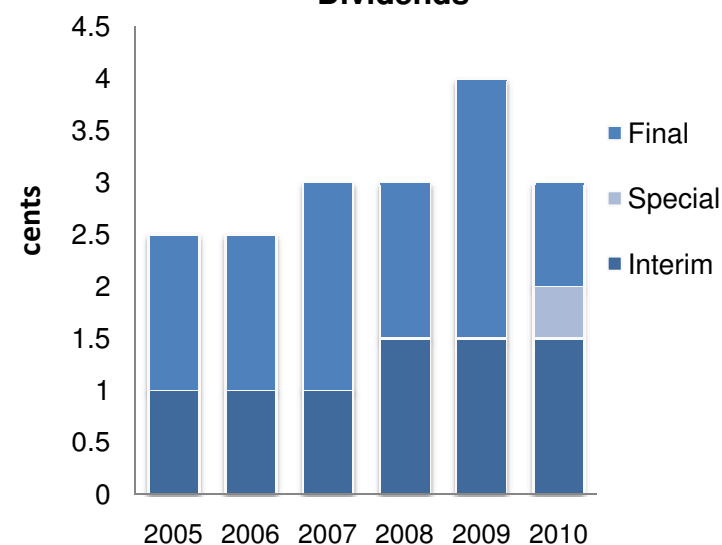


- Revenue impacted by currency and lower NonStop sales
- One-off strategy investments in FY09
- Increase in R&D and consulting headcount

Balance sheet

	30 June 2010 \$000's	30 June 2009 \$000's
Cash at bank	8,396	14,459
Current Receivables	14,548	11,012
Development cap.	13,957	13,323
Deferred Revenue	10,980	11,463
Net assets	24,502	27,246

Dividends

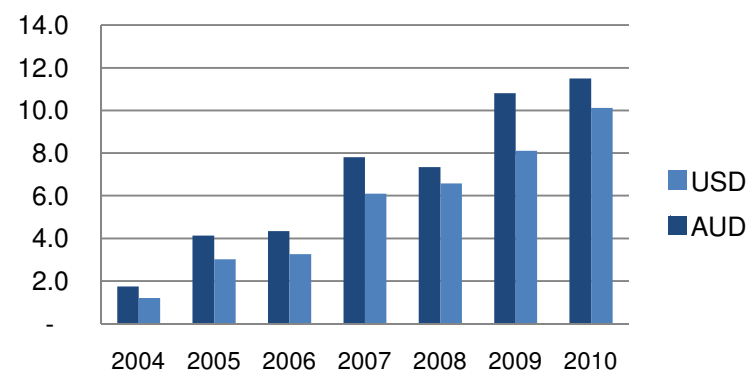


- No debt
- Net assets impacted by stronger AUD
- Increase in receivables due to tighter trading conditions and deferred payments

Review of operations - products

Billings by Product Line (\$A)	30 June 2010 \$000's	30 June 2009 \$000's	% change
NonStop / Infrastructure and Payments	18,731	27,135	(31%)
IP Telephony / Communications	11,502	10,811	6%
Distributed Systems / Infrastructure	3,422	3,875	(12%)
Consulting Services	1,999	1,685	19%

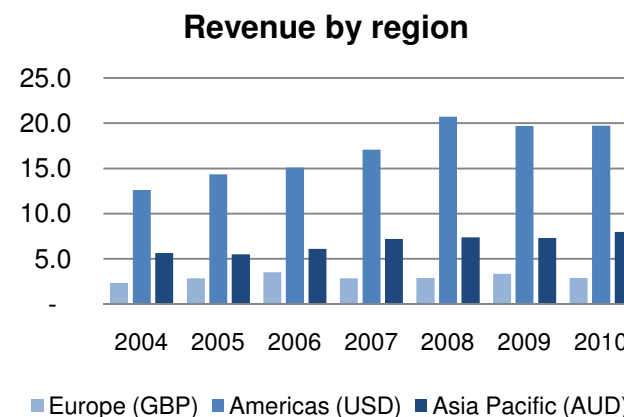
IPT Billings



- All results impacted by rising AUD
- All regions recorded IPT growth despite lower global phone shipments
- Decline in NonStop billings (Infrastructure):
 - Customer cost control and deferred spend
 - Anticipate improvement but not to previous levels

Review of operations - regions

Revenue by Geographic region (In local currency)	30 June 2010 \$000's	30 June 2009 \$000's	% change
Americas (\$US)	19,719	19,710	0%
Europe (GBP)	2,871	3,321	(14%)
Asia Pacific (\$A)	7,955	7,317	9%



- All regions recorded IPT growth
- All regions impacted by lower NonStop sales
- Europe down due to reduced customer activity in current economy

Growth Strategy

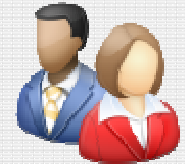



Growth strategy - new products and services

3. Consulting services to increase product use and penetration, and develop repeatable solutions

Consulting

- Implementation, integration and training services
- Customized development
- Unique and repeatable solutions



- 
2. Unique solutions in high-growth, continuity-critical applications

Communications

- Return on IPT investment
- Fast problem resolution
- Improve call quality
- Increase service levels



Payments

- Device and switch management
- Ensure maximum availability
- Improve customer service
- Reduce TCO



- 
1. Exploit Prognosis for real-time monitoring of high-end infrastructure

Infrastructure Management

- Real-time monitoring to maximize uptime
- Root cause analysis to reduce mean time to repair
- Dramatic cost savings with enterprise-class monitoring solution



PROGNOSIS

REAL-TIME • SCALABLE • DEEP METRICS • FLEXIBLE

R&D spending – new product development

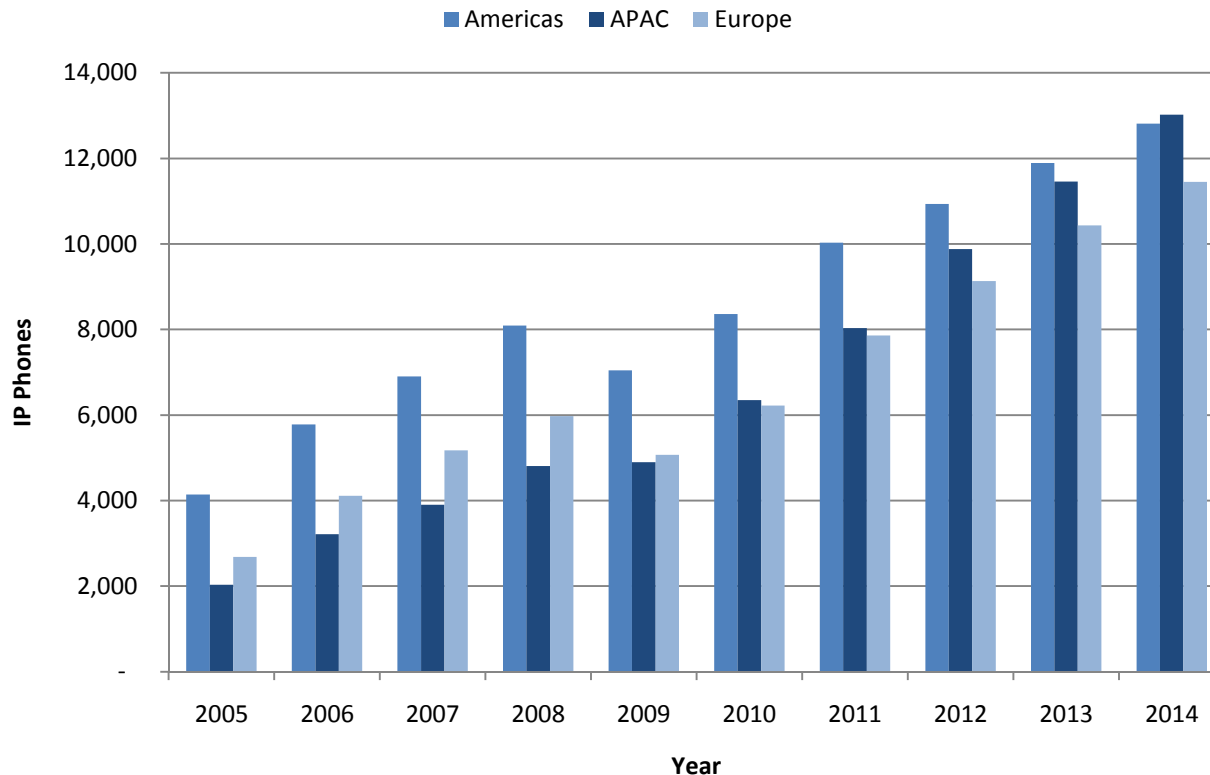
	30 June 2010 A\$000's	30 June 2009 A\$000's	% Change
Gross spending	8,290	9,001	(8%)
Development – Cap.	5,932	5,790	2%
Capitalised %	72%	64%	
Amortised	5,989	5,033	19%
Net Expense	8,347	8,244	1%
% of revenue	22%	19%	

- R&D investment in new products and features
- Increased R&D productivity
- Improved product quality and customer satisfaction
- Ongoing commitment to R&D at current levels

Growth strategy - IPT

Worldwide IP Phone Shipments

Source: Gartner Q2 FY10

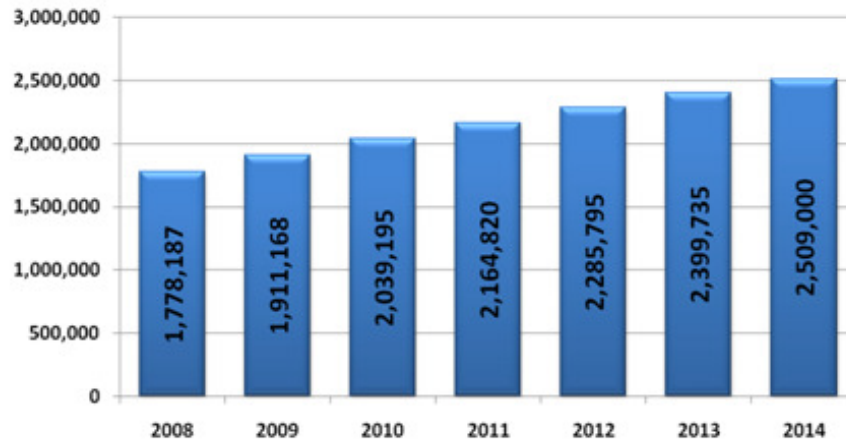


Growth strategy - IPT

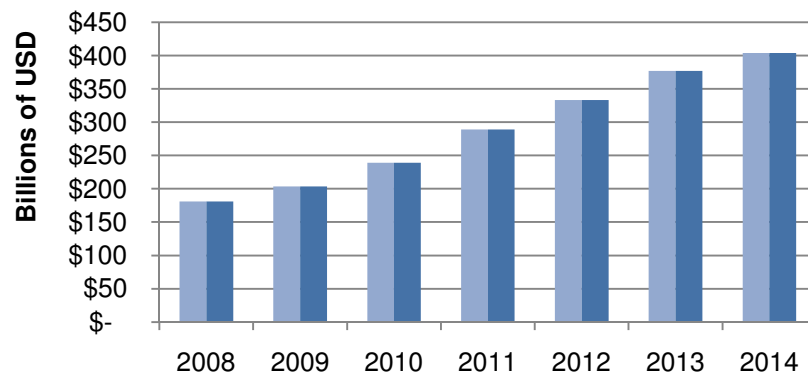
- Shipment growth forecast 2010 and beyond after drop in 2009
- Asia shipments outpacing US and Europe
- Committed to multi-vendor strategy
- Support for Alcatel in addition to Cisco. Avaya, Nortel increases addressable market
- IPT sales exceed NonStop sales for the first time
- Over 4 million phones licensed for Prognosis

Growth strategy - Payments

Global ATM Installation Forecast



Global Online Payments Volume



Growth strategy - Payments

- Global payments volumes increasing through multiple channels
- Multi-vendor strategy
- Strategic alliance with ACI Worldwide
- Product support for ACI Base24 (Classic and EPS), EFD Connex, S1 Postilion
- Solutions to support other vendors and customised platforms

Growth strategy - more channels to market

Global network of IR offices and value-added resellers

- Enterprise sales
- Partner support



Strategic alliances and managed service providers

- All segments



- New MSP partners : HCL, Etisalat, Wipro, Belgacom
- New strategic alliances: ACI Worldwide, Stratus Technologies

Growth strategy

Current Challenges

Unfavorable movements in currency exchange rates

Speed of global economic recovery

Taxation contingencies (refer note 27 to accounts)

Proactive Management

Proactive approach to currency hedging. \$1.6M hedging gain FY10

Diversification of risks through multiple product offerings and geographic spread

Summary

Financial strength

Profitable and debt-free

Growth strategy

Invest in new products in target markets: Communications and Payments

New channels to market - strategic alliance focus

Solid foundations

Proven products

Global tier-one customer base

Thank You

