

Integrated Research Limited

2010 Annual General Meeting

26 November 2010

ABN: 76 003 588 449



Providing Business Insight™



Agenda

- **Chairman's Update** Steve Killelea
- **Financial Results** Peter Adams
- **Growth Strategy** Mark Brayan
- **Questions**





CHAIRMAN'S UPDATE

Steve Killelea





FINANCIAL RESULTS

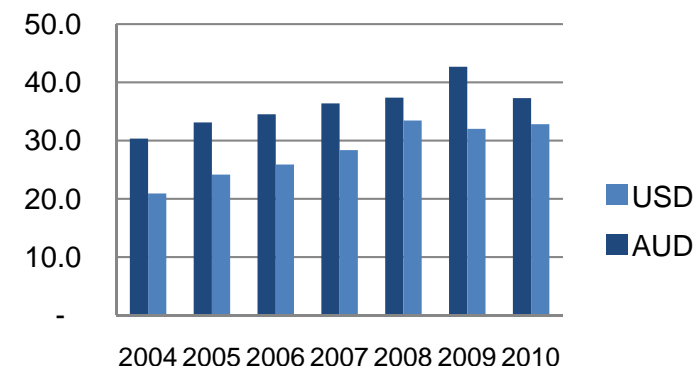
Peter Adams



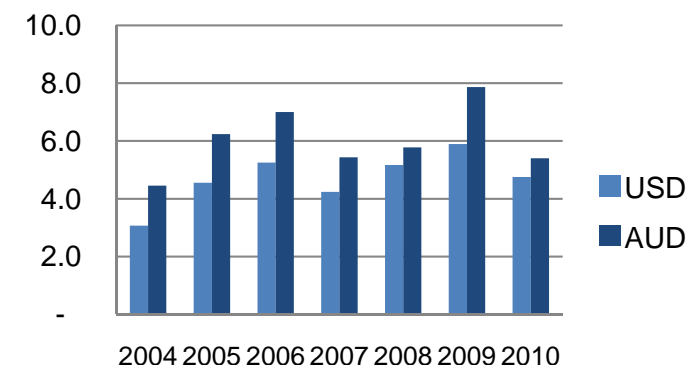
Financial results

	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



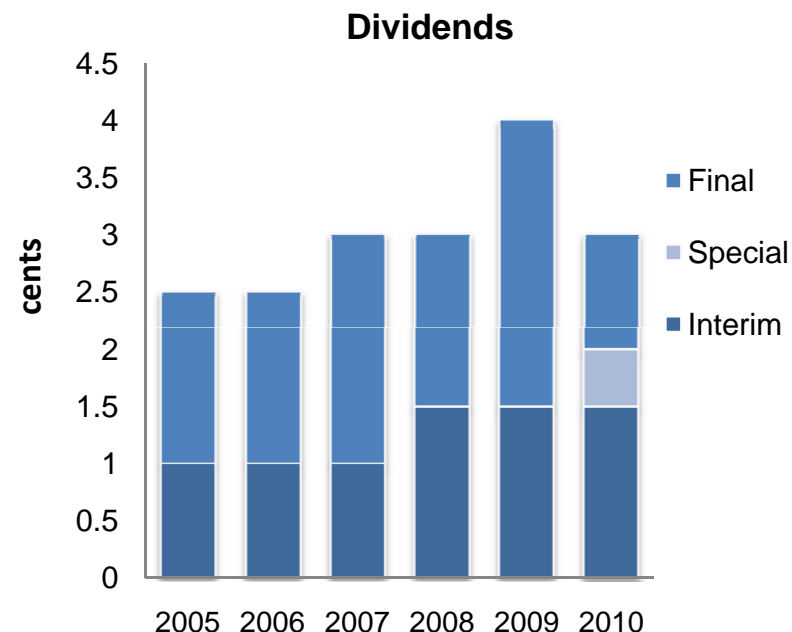
Profit after tax



- 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

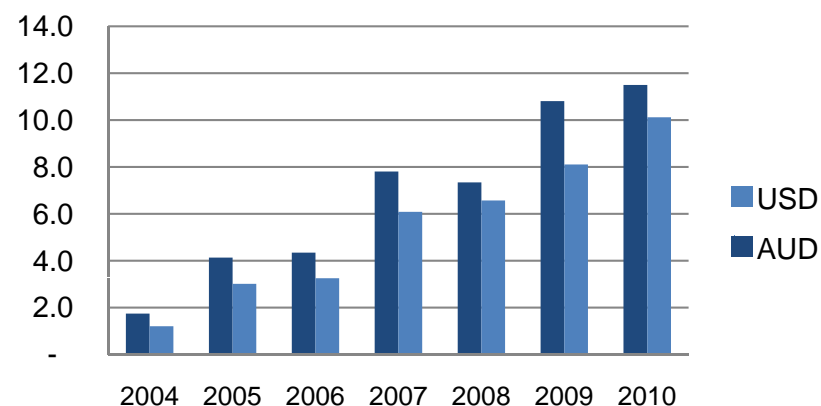


- No debt
- Timing of dividend payments lowered net assets
- Net assets impacted by stronger AUD
- Increase in receivables due to tighter trading conditions and deferred payments

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

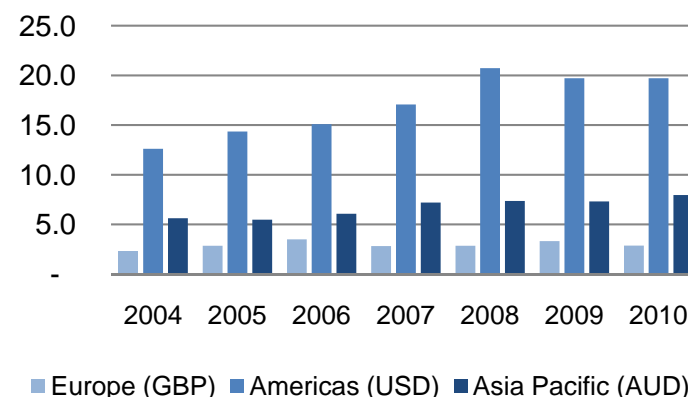


- All results impacted by rising AUD
- All regions recorded IPT growth despite lower global phone shipments
- Decline in NonStop billings (Infrastructure):
 - Customer cost control and deferred spend
 - Anticipate improvement but not to previous levels

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%

Revenue by region



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

Risk Management

Current Challenges

Unfavorable movements in currency exchange rates

Speed of global economic recovery

Lumpiness of end of quarter license sales

Proactive Management

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

Diversification of risks through multiple product offerings and geographic spread

Improvement in operational effectiveness



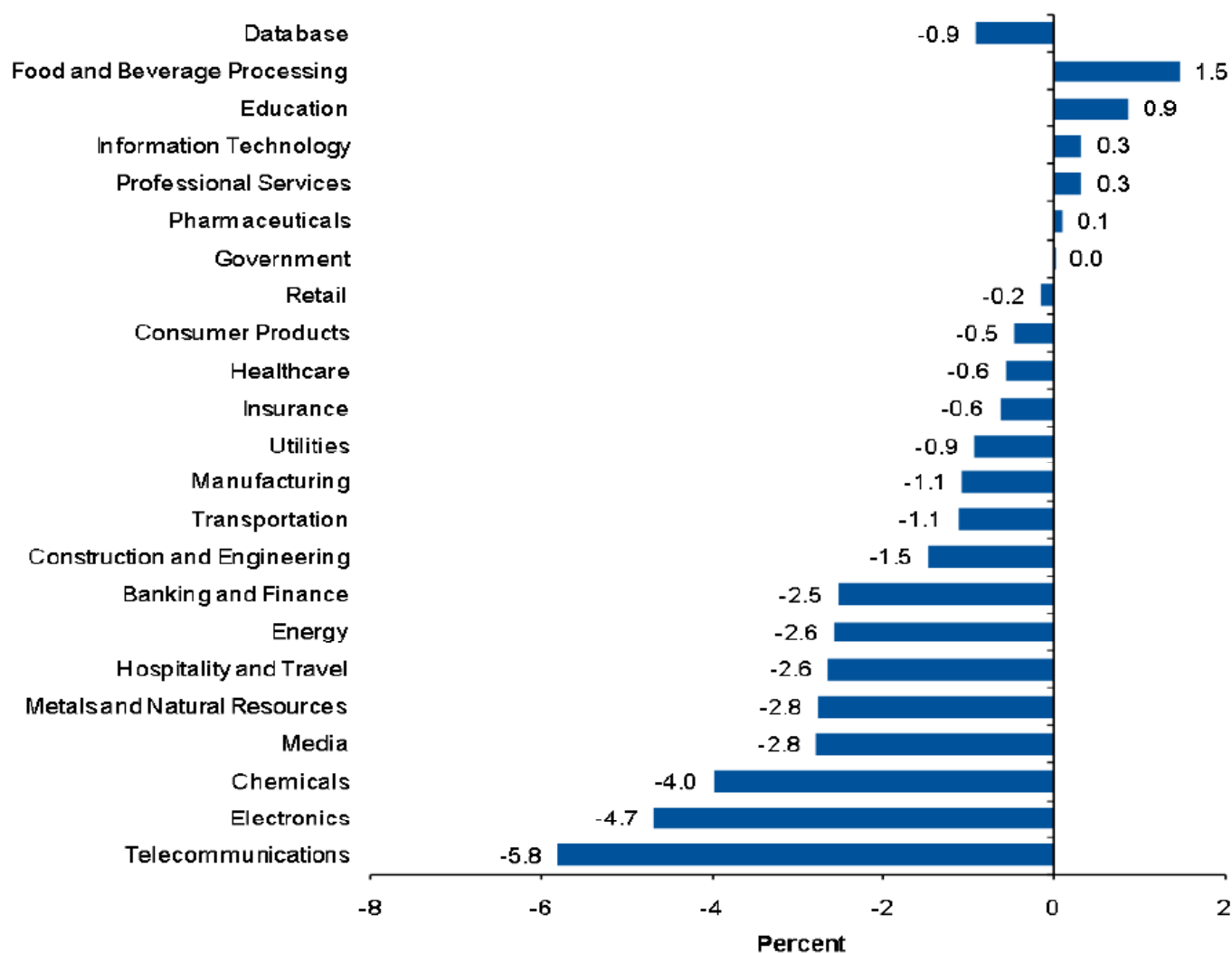
GROWTH STRATEGY

Mark Brayan



Global IT Market 2009

Figure 4. Change in IT Spending, by Industry, 2008 to 2009 (Average)



Global IT spend
down in 2009



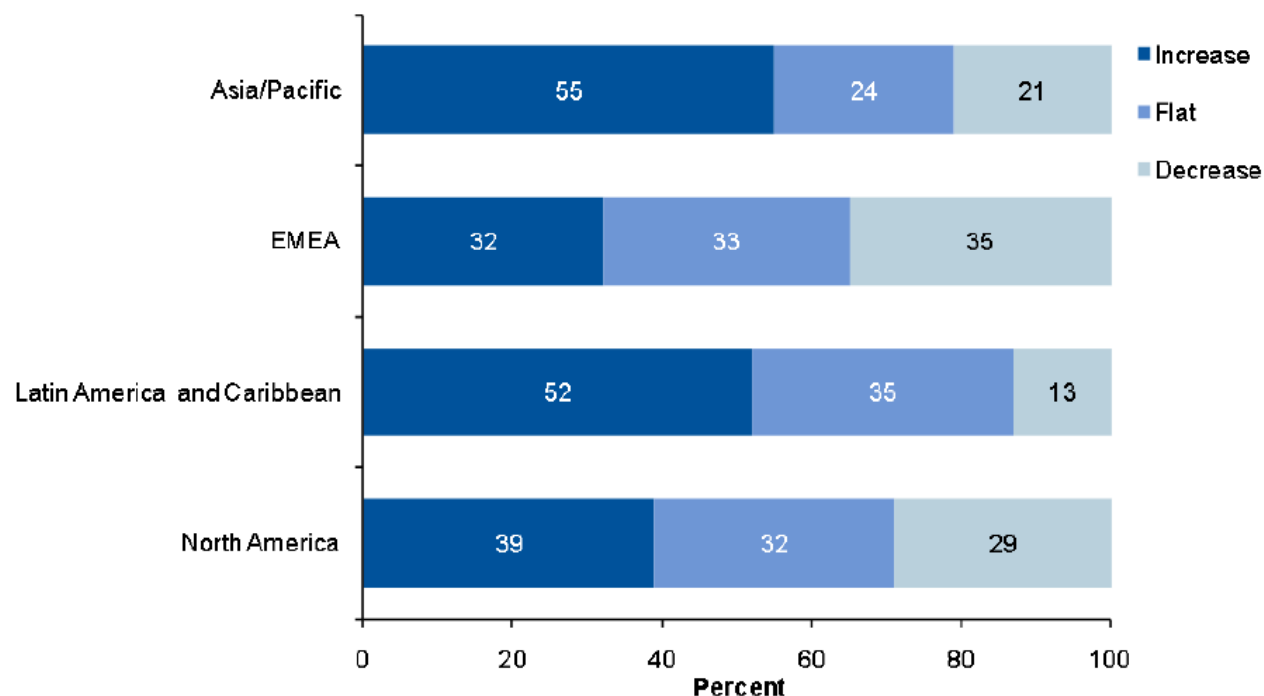
Source: Gartner ITKMD (January 2010)

Source: Gartner

Global IT Market 2010

- Cautious spending forecast in 2010
- Estimated 1.3% increase

Figure 17. IT Spending Behavior: Regional Distribution of IT Spending by Change Type (Increase, Flat, Decrease), 2009 to 2010 (Average)



Note: This data was collected throughout 2009 and may be influenced by underoptimism, based on the recession, and overoptimism for a return to growth. Because of this, 2010 forecasts and projections should be used with caution.

Source: Gartner ITKMD (January 2010)

Source: Gartner

Highlights FY2010

IP Telephony growth

148 new customers

Over 2 million phones licensed

Billings up 6% (23% on a constant currency basis)

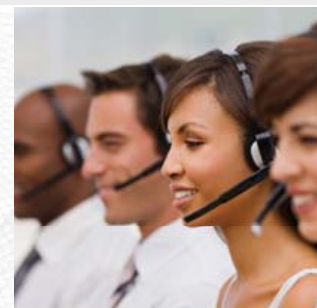
New products and alliances

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 and sales focus



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 Headcount	52	46	

- 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 – NonStop

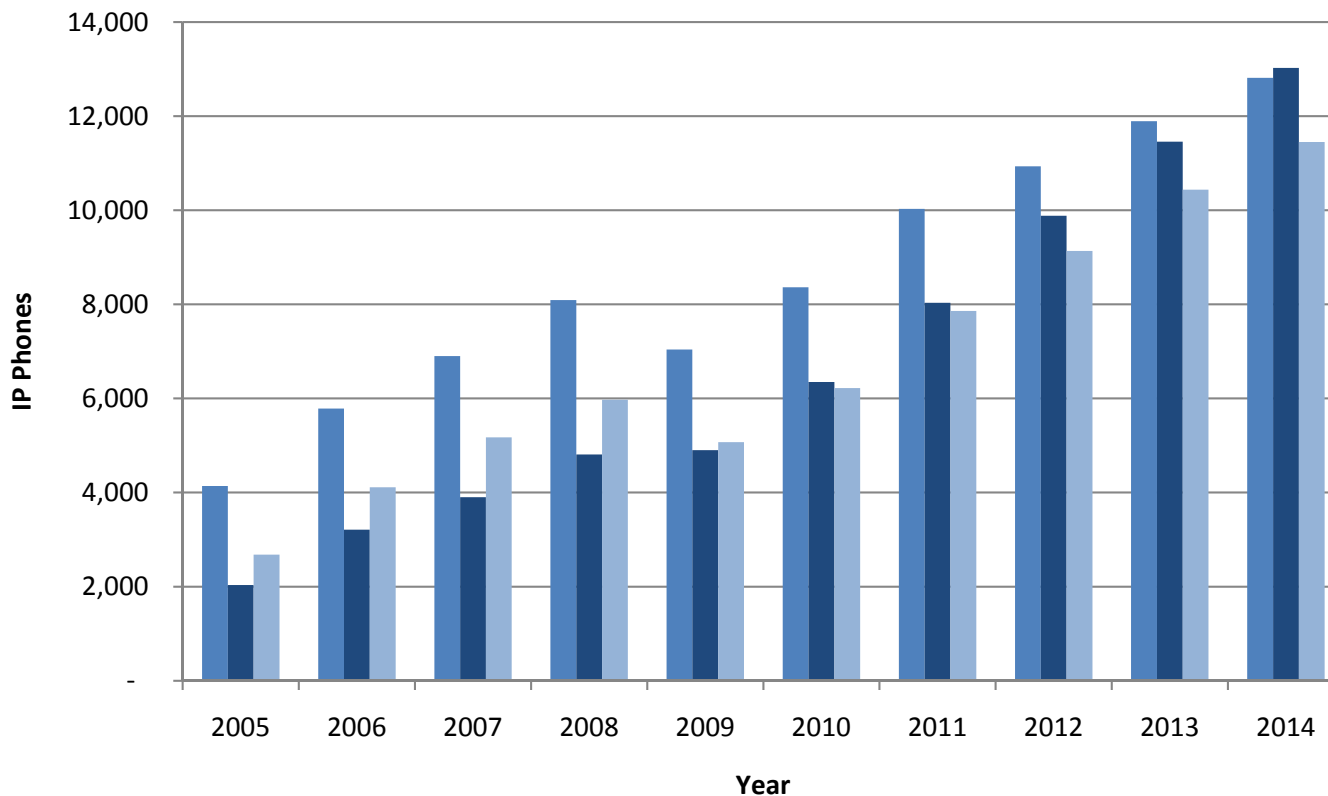
- Continue to invest in NonStop products
- Align with HP strategy for NonStop
 - Modernisation
 - Converged Infrastructure
- IR Strategy:
 - Support for new HP Products: Blades and XP Arrays
 - Application Monitoring
 - Value Added Services
- Customer retention 92%

Growth strategy - IPT

Worldwide IP Phone Shipments

Source: Gartner Q2 FY10

Americas APAC Europe

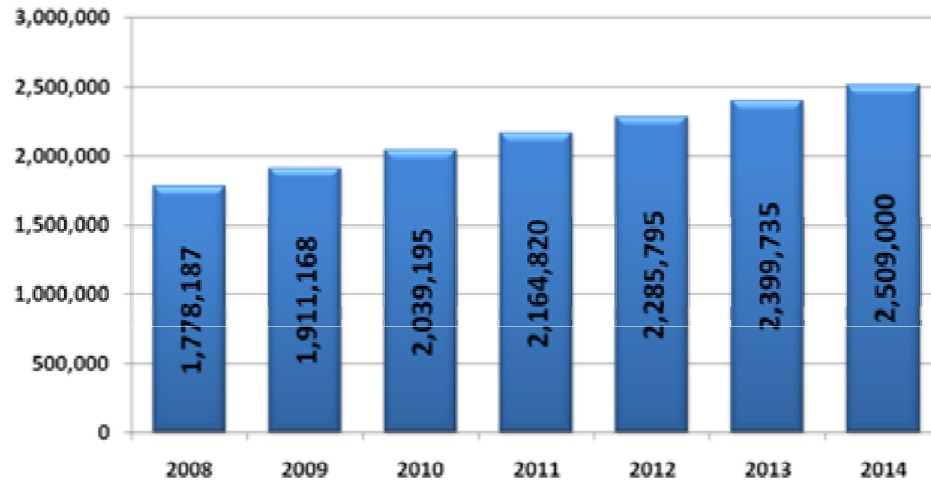


Growth strategy - IPT

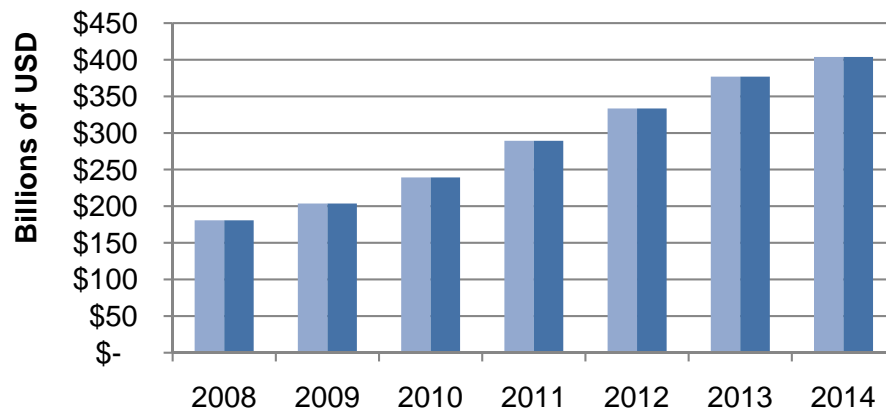
- Shipment growth forecast 2010 and beyond after drop in 2009
- Asia shipments outpacing US and Europe
- Multi-vendor strategy
- Support for Alcatel in addition to Cisco. Avaya, Nortel increases addressable market
- IPT sales exceed NonStop sales for the first time
- Over 2 million phones licensed for Prognosis

Growth strategy - Payments

Global ATM Installation Forecast



Global Online Payments Volume



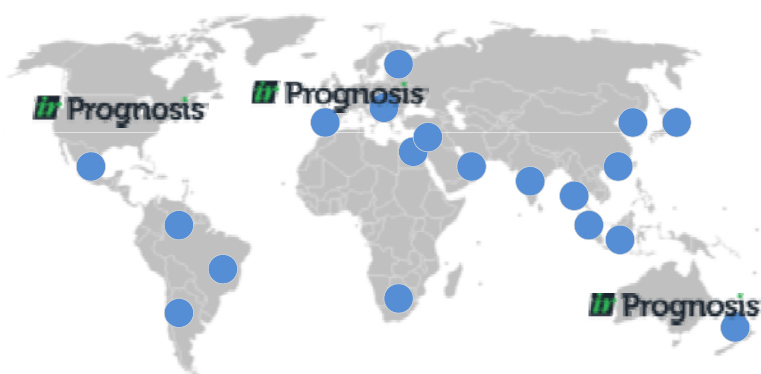
Growth strategy - Payments

- 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



Americas

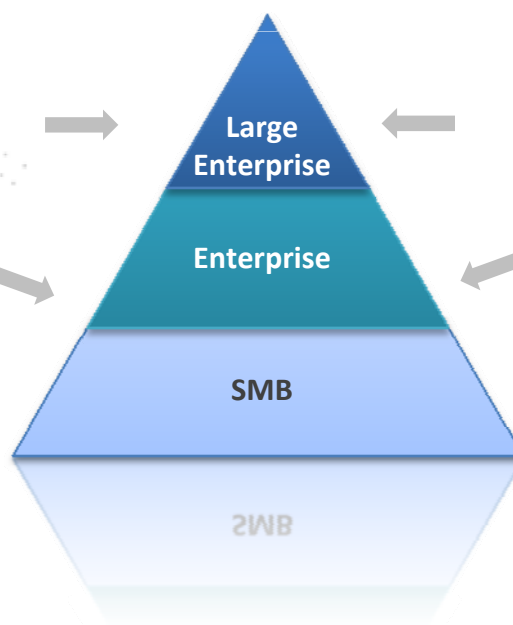
- Sales
- Support

Europe

- Sales
- Support

Head Office

- Marketing
- R&D
- Finance
- AP sales



Strategic alliances and managed service providers

- All segments



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

Summary

Financial strength

Profitable and debt-free

Growth strategy

Invest in new products in target markets: Communications and Payments

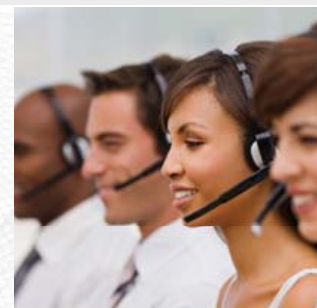
New channels to market - strategic alliance focus

Solid foundations

Proven products

Global tier-one customer base

Business model can be profitable at parity



Thank You

