



Integrated Research Limited

FY2011 First Half Results

17 February 2011

ABN: 76 003 588 449



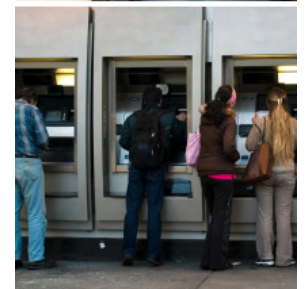
Providing Business Insight™

Agenda

- Financial Results
- Growth Strategy
- Questions

Peter Adams

Mark Brayan

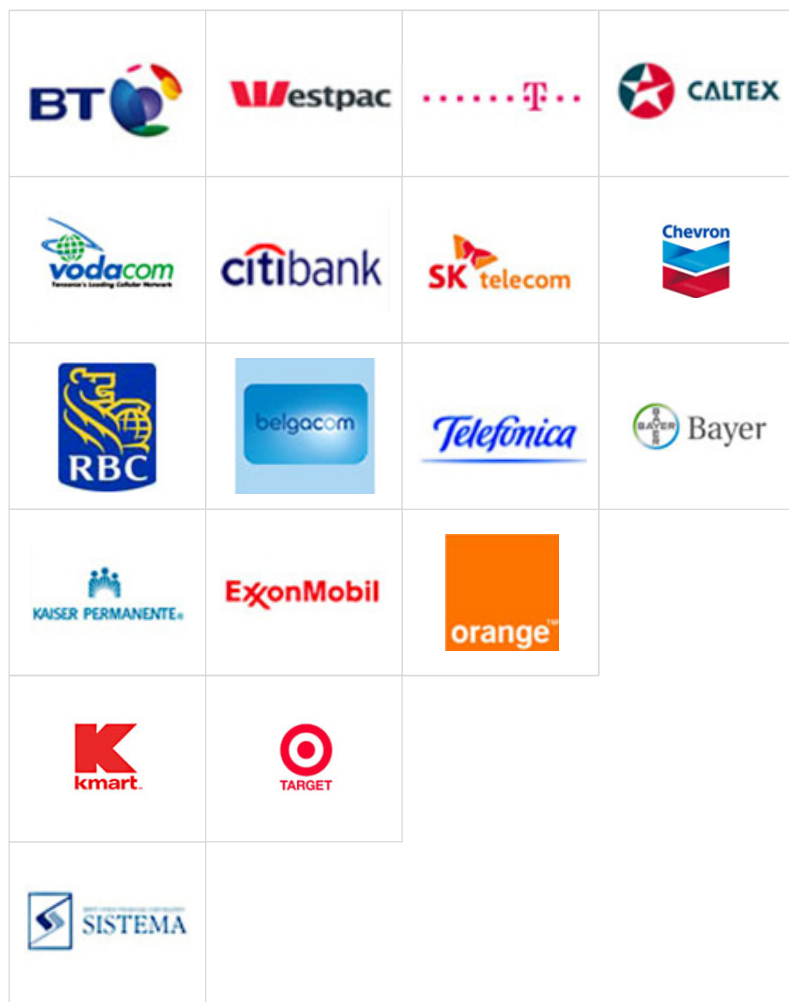


Integrated Research at a glance

- 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
- 3 of the 5 biggest banks
- 6 of the 10 biggest stock exchanges
- 6 of the 10 biggest telcos
- 4 of the 5 biggest oil and gas companies
- 6 of the 10 biggest aerospace /defence
- The 2 biggest aircraft manufacturers



FINANCIAL RESULTS

Peter Adams

Key Highlights

Improving conditions

New licence sales up to 16% to 10.6M

Strong growth in Europe (up 40%) and Americas (up 29%)

Total revenue up 12% to 20.5M

Cashflow from operations up 59% to \$5.7M

Result impacted by stronger AUD

Profit down 12%

Revenue up by 18% and profit up 12% on a constant currency basis

Financial Strength

Profitable and debt free

IP Telephony growth

88 new customers

Over 2.4 million phones licensed

Billings up 11% (19% in USD)

HP NonStop rebound

Sales increase as customer investment returns

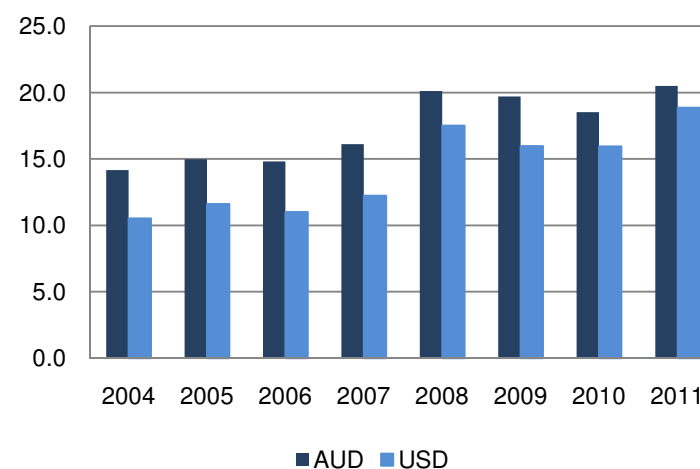
Consulting growth

Consulting services up 93%

Financial Results

	31 Dec 2010 A\$000's	31 Dec 2009 A\$000's	% change
Licence fees	10,581	9,118	16%
Maintenance fees	8,583	8,718	(2%)
Consulting fees	1,342	696	93%
Total revenue	20,506	18,532	11%
R&D expenses - net	4,429	4,080	9%
Sales, consulting & marketing expenses	10,415	9,259	12%
General & Administrative expenses	1,989	1,857	7%
PBT	2,842	3,092	(8%)
PAT	2,374	2,703	(12%)

Revenue for 1st half years...



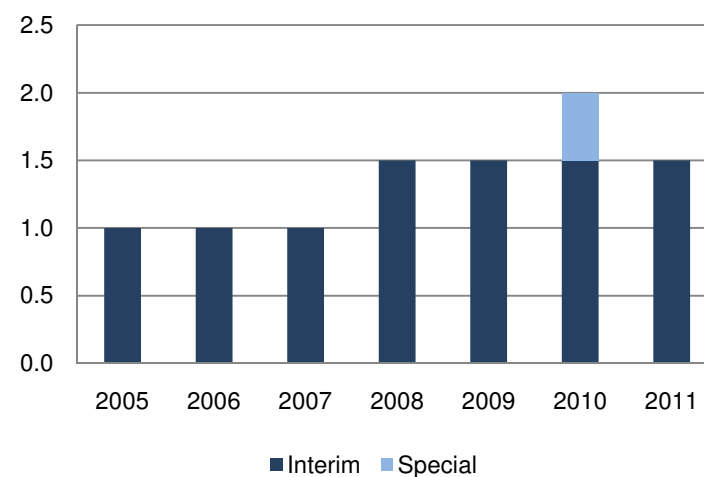
- Strong growth in Europe and US
- Growth in IPT and HP NonStop revenues
- Bottom-line impacted by currency exchange rates
- Revenue from consulting services up 93%

Balance sheet and Cashflow

BALANCE SHEET	31 Dec 2010 \$000's	30 Jun 2010 \$000's
Cash at bank	8,660	8,396
Receivables	13,766	16,062
Development cap.	13,801	13,957
Deferred Revenue	8,827	10,748
Net assets	25,234	24,502

CASHFLOW	31 Dec 2010 \$000's	31 Dec 2009 \$000's
Cashflow from Operations	5,712	3,582
Cashflow from Investing	(2,993)	(3,318)
Cashflow from Financing (e.g. Dividends)	(1,665)	(4,170)

Interim and special dividends



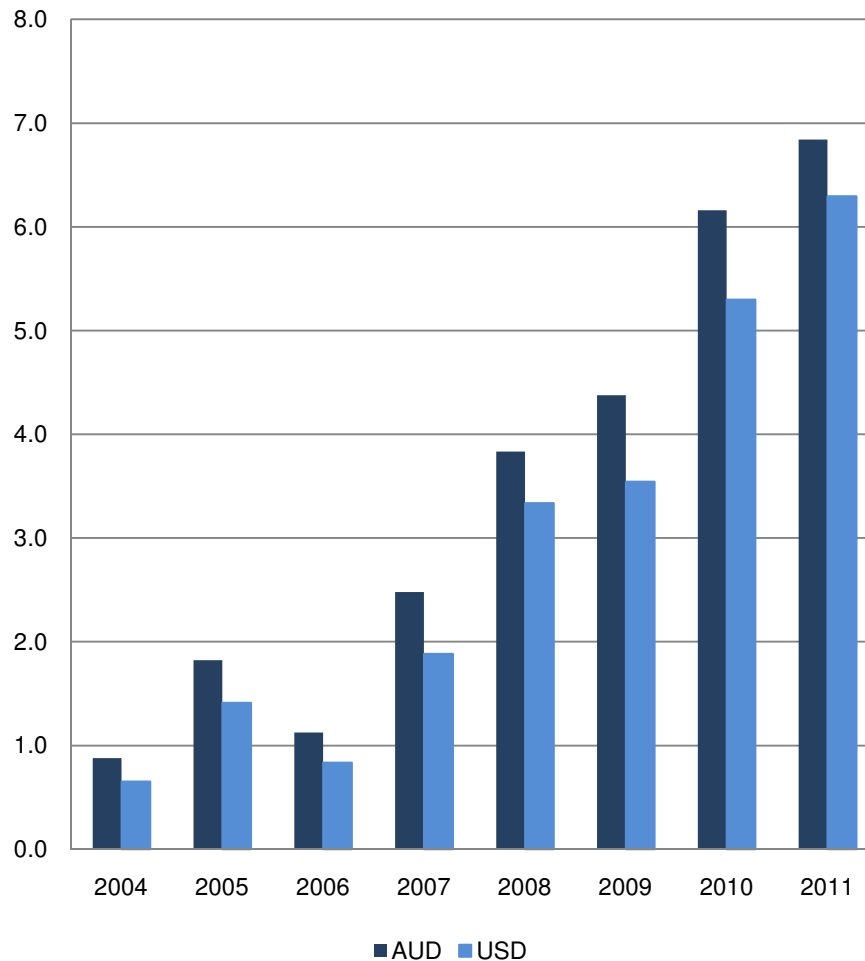
- No debt
- 59% improvement in cashflow from operations
- Improvement in trade receivable collections
- 1.5 cent dividend declared payable 11 March

Review of operations: products & services

Billings by Product Line (\$A)	31 Dec 2010 \$000's	31 Dec 2009 \$000's	% change
NonStop / Infrastructure and Payments	10,403	8,558	22%
IP Telephony / Communications	6,841	6,161	11%
Distributed Systems / Infrastructure	1,221	1,807	(32%)
Consulting Services	1,342	696	93%

- All results impacted by rising AUD
- NonStop rebound due to focus and improved economic conditions
- Continuing growth of IPT
- Near doubling of Consulting Services

Review of operations: IPT 1st Half Billings

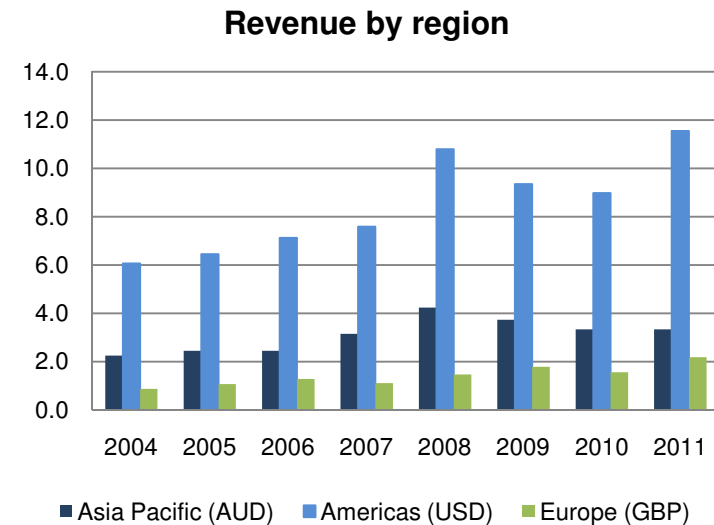


- Strong IPT growth in Europe
- First Alcatel sale
- IPT billings up 19% in USD from 1HFY10

Review of operations: regions

Revenue by Geographic region (in local currency)	31 Dec 2010 \$000's	31 Dec 2009 \$000's	% change
Americas (USD)	11,550	8,976	29%
Europe (GBP)	2,186	1,564	40%
Asia Pacific (AUD)	3,787	3,858	(2%)

- Asia Pacific flat: impacted by currency from USD billings



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

Diversification of risks through multiple product offerings and geographic spread

Improvement in operational effectiveness



GROWTH STRATEGY

Mark Brayan



Highlights H1 FY2011

IP Telephony growth

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Billings up 11% (19% in USD)

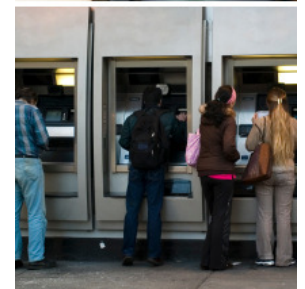
New products and alliances

New IPT products launched

90+ IPT resellers enabled globally

HP NonStop

Sales increase as customer investment returns

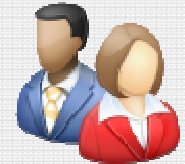



Growth strategy - new products and services

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



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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



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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

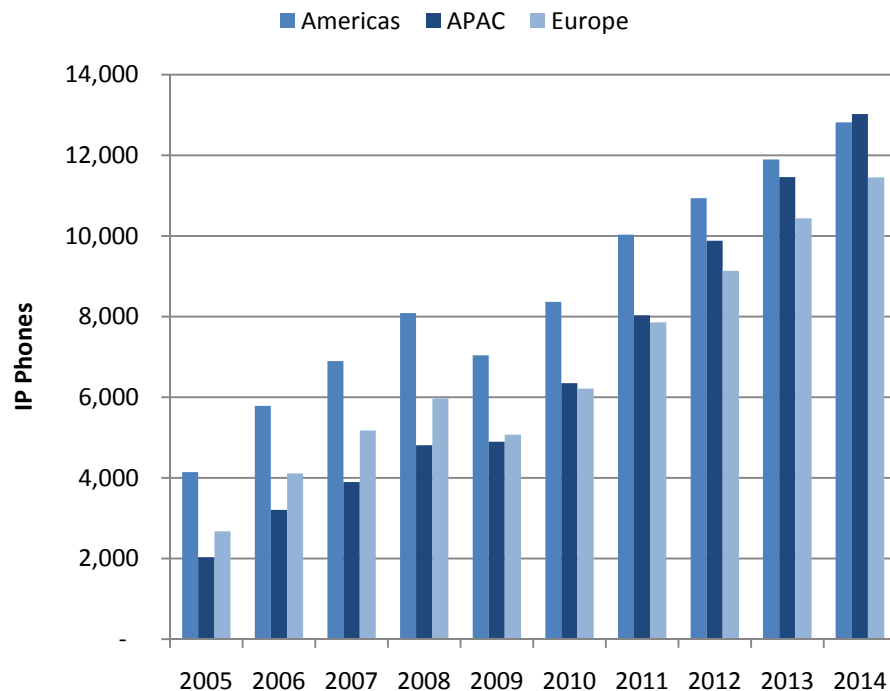
	31 Dec 2010 A\$000's	31 Dec 2009 A\$000's	% Change
Gross spending	4,286	3,975	8%
Development – Cap.	2,996	2,874	4%
Capitalised %	70%	72%	
Amortised	3,139	2,979	5%
Net Expense	4,429	4,080	9%
% of revenue	22%	22%	
R&D Headcount	58	59	

- 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

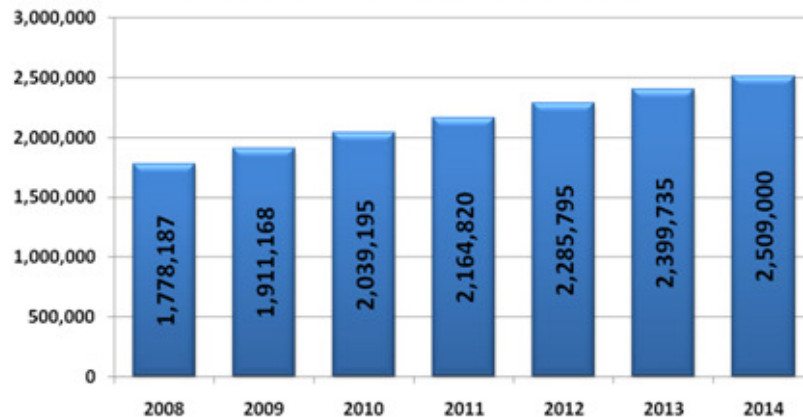


Growth strategy - IPT

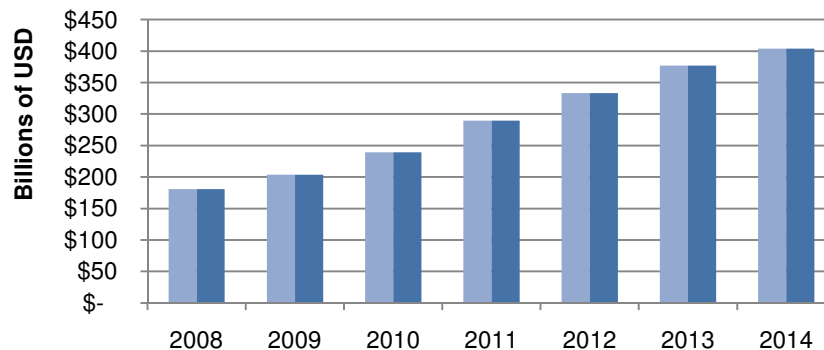
- IP phone Shipment growth in 2010 forecast to continue
- Multi-vendor strategy
- Unified Communications ecosystem monitoring – voice, video, apps.
- Increased channels to market with new resellers
- IPT sales continue to exceed NonStop sales
- Over 2.4 million phones licensed for Prognosis

Growth strategy – NonStop and Payments

Global ATM Installation Forecast



Global Online Payments Volume



Growth strategy - Payments

- Multi-vendor strategy:
 - Support for ACI, Connex, Postilion and customised switches
- Strategic alliance with ACI Worldwide:
 - Added support for Risk Management
 - Wholesale payments support in Q4
- Maintain NonStop product alignment with HP's strategy
- Certified as 'Converged Infrastructure Ready' by HP
- NonStop and Payment revenue up 22% on 1H FY10

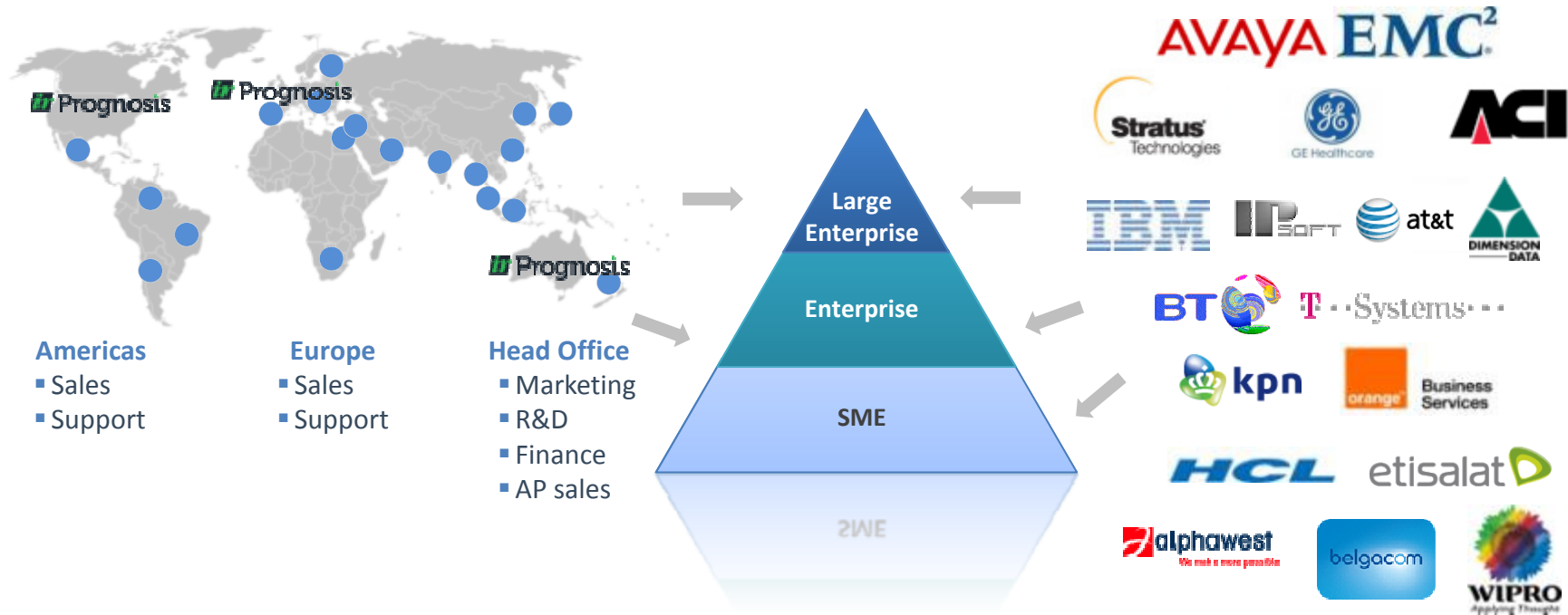
Growth strategy - more channels to market

Global network of IR offices and value-added resellers

- Enterprise sales
- Partner support

Strategic alliances and managed service providers

- All segments



Summary

Improving conditions

Sales up 16%, revenue up 11% and cashflow up 59%

Americas up 29% and Europe up 40%

Results impacted by strong AUD

Profit down 12%

Revenue up by 18% and profit up 12% on a constant currency basis

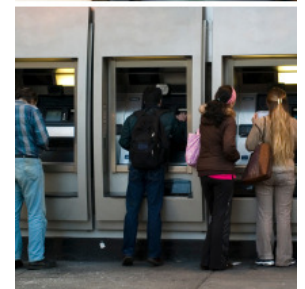
Strong product and service results

IPT billings up 11% (19% in USD)

88 new IPT customers

NonStop rebound

Consulting up 93%





Thank You

