

Integrated Research Limited

FY2012 First Half Results

16 February 2012

ABN: 76 003 588 449



Providing Business Insight™



Agenda

- Financial Results
- Growth Strategy
- Questions

Peter Adams
Mark Brayan



Integrated Research at a glance

- ASX:IRI. Software sector. 22 years continuous profit
- Developers of Prognosis for real-time performance management and business insight
- Leader in growth markets: Unified Communications, Payments, IT Infrastructure
- World-class R&D capability
- Over 1,000 customers in 50+ countries
- Offices in the USA, UK and Australia
- Financially stable, consistently profitable with no debt



FINANCIAL RESULTS

Peter Adams

Key Highlights

Strong Result

New licence sales up to 16% to 12.3M

Strong revenue growth in USA (up 33%)

Total revenue up 8% to 22.1M

PAT up 50% to 3.6M

2.0 cent dividend

Result impacted by higher AUD

New licence sales up 27% and revenue up 18% on a constant currency basis

Financial Strength

Profitable and debt free

Unified Communications (UC) growth

Now over 4.9 million phones licensed

Licence sales up 30%

UC applications increase value of market

Payments growth

Investment in payments yields 35% licence sales growth

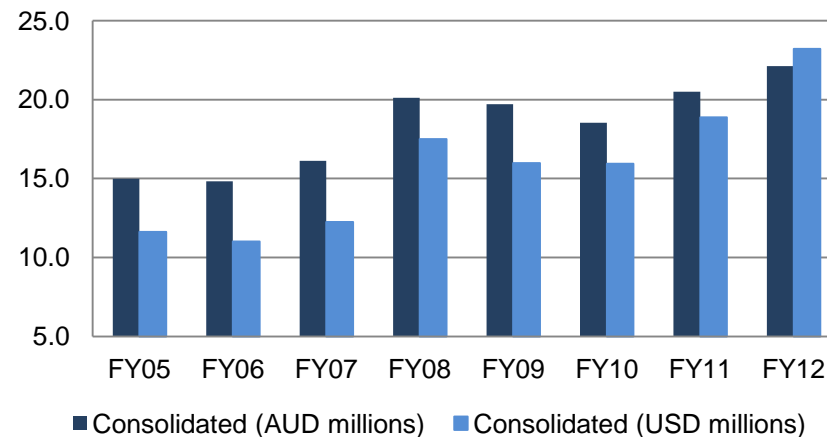
Consulting growth

Consulting services up 14%

Financial Results

	31 Dec 2011 A\$000's	31 Dec 2010 A\$000's	% change	% change in constant currency
Licence fees	12,325	10,581	16%	27%
Maintenance fees	8,258	8,583	(4%)	6%
Consulting fees	1,525	1,342	14%	24%
Total revenue	22,108	20,506	8%	18%
R&D expenses - net	4,823	4,429	9%	
Sales, consulting & marketing expenses	10,958	10,415	5%	
General & Administrative expenses	2,088	1,989	5%	
PBT	4,475	2,842	57%	
PAT	3,561	2,374	50%	

First Half Revenue History



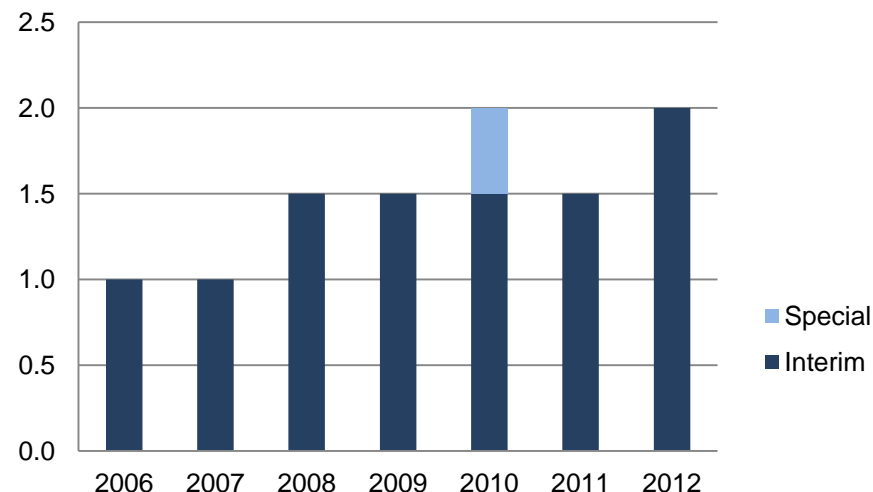
- Strong growth in the US
- Growth in UCand Payment revenues
- Bottom-line impacted by currency exchange rates
- Maintenance fees up 6% on constant currency basis
- Revenue from consulting services up 14%

Balance sheet and cash flow

	31 Dec 2011 \$000's	30 Jun 2011 \$000's
BALANCE SHEET		
Cash at bank	9,738	11,635
Current Receivables	16,015	14,058
Development cap.	13,762	13,808
Deferred Revenue	10,418	9,259
Net assets	26,881	27,357

	31 Dec 2011 \$000's	31 Dec 2010 \$000's
CASHFLOW		
Cashflow from Operations	5,817	5,712

First Half Dividends

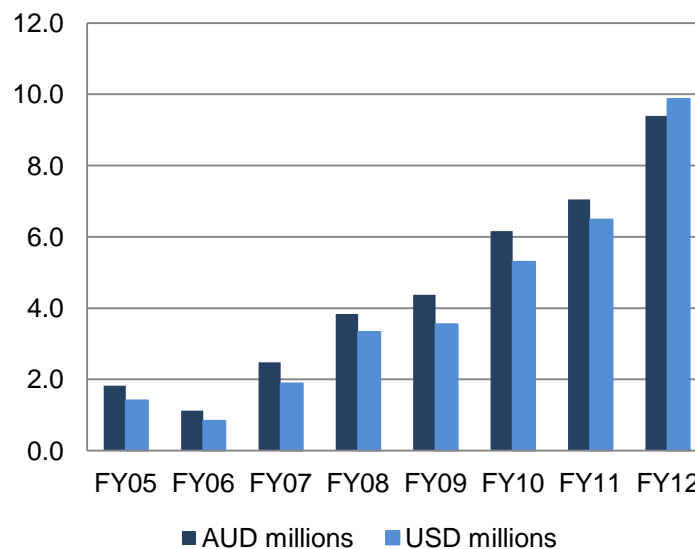


- No debt
- Strong cashflow from operations
- 2.0 cent dividend declared payable 16 March

Review of operations: products & services

Revenue by Product Line (\$A)	31 Dec 2011 \$000's	31 Dec 2010 \$000's	% change
Infrastructure	10,063	11,084	(9%)
Communications (IPT)	8,750	6,735	30%
Payments	1,770	1,345	32%
Consulting Services	1,525	1,342	14%
Total Revenue	22,108	20,506	8%

First Half IPT Billings



- All results impacted by rising AUD
- Strong IPT growth in the USA and APAC regions
- IPT billings up 52% in USD from 1HFY11
- Continuing growth of Payments

Risk Management

Current Challenges

Unfavorable movements in currency exchange rates

Speed of global economic recovery

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




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 UC investment
- Fast problem resolution
- Improve call quality
- Increase service levels



Payments

- Deliver real time business insight
- Device and switch management
- Ensure maximum availability
- Reduce TCO



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
HIGH DEFINITION MONITORING™

Unified Communications

Market trends

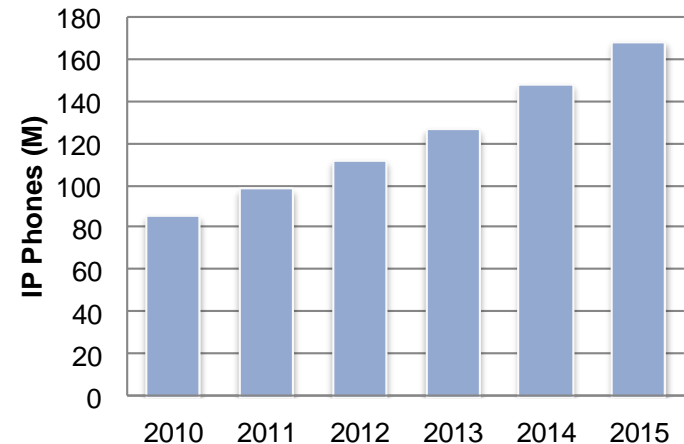
- Growth in phone deployments
- Shift to UC increases value of market
- Increase in consumerization
- Greater scale and complexity requires performance management and business insight

Key achievements

- Revenue up 30% to \$8.8M
- Now 4.9M phones licensed
- Over 600 customers
- Support for new products increases addressable market:
 - Launch Microsoft Lync
 - Additional UC applications
 - Increase multi-vendor support

Worldwide IP Phone Deployment

Source: Gartner Apr 2011



Payments

Market trends

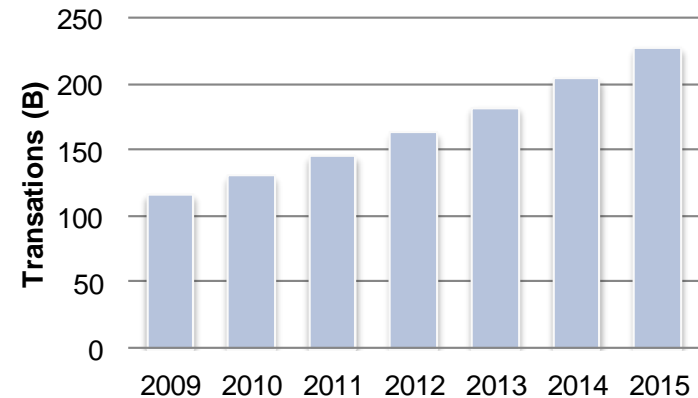
- Global growth in payments transactions
- Rapid increase in advanced payments
- Payments growth in developing economies
- Higher transactions requires performance management and business insight

Key achievements

- Revenue up 32%
- Expanded ACI product support to increase addressable market
 - Base24 eps (Retail Switching)
 - Proactive Risk Manager (PRM)
 - Money Transfer System (MTS)
- Multi-vendor support including support for bespoke switches

Worldwide Retail Purchase Transactions

Source: Nilson 2010



IT Infrastructure

Market trends

Growth in cloud computing:

- Increase in data centres
- Growth in server shipments
- Virtualization to maximise resources

Increase in mobile front-ends for cloud-based applications

HP continue to invest in NonStop platform

Key achievements

Maintaining NonStop sales half on half

Distributed Systems sales supporting UC and Payments growth

2009



2010



Server shipments +16.8%

Revenue +13.3%

Source: Gartner 2010

Cloud Computing Market



* Of global 2000 Companies
Source: Gartner 2011

R&D spending – new product development

	31 Dec 2011 A\$000's	31 Dec 2010 A\$000's	% Change
Gross spending	4,864	4,286	13%
Development – Cap.	3,282	2,996	10%
Capitalised %	67%	70%	
Amortised	3,241	3,139	3%
Net Expense	4,823	4,429	9%
% of revenue	22%	22%	
R&D Headcount	67	58	

- 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

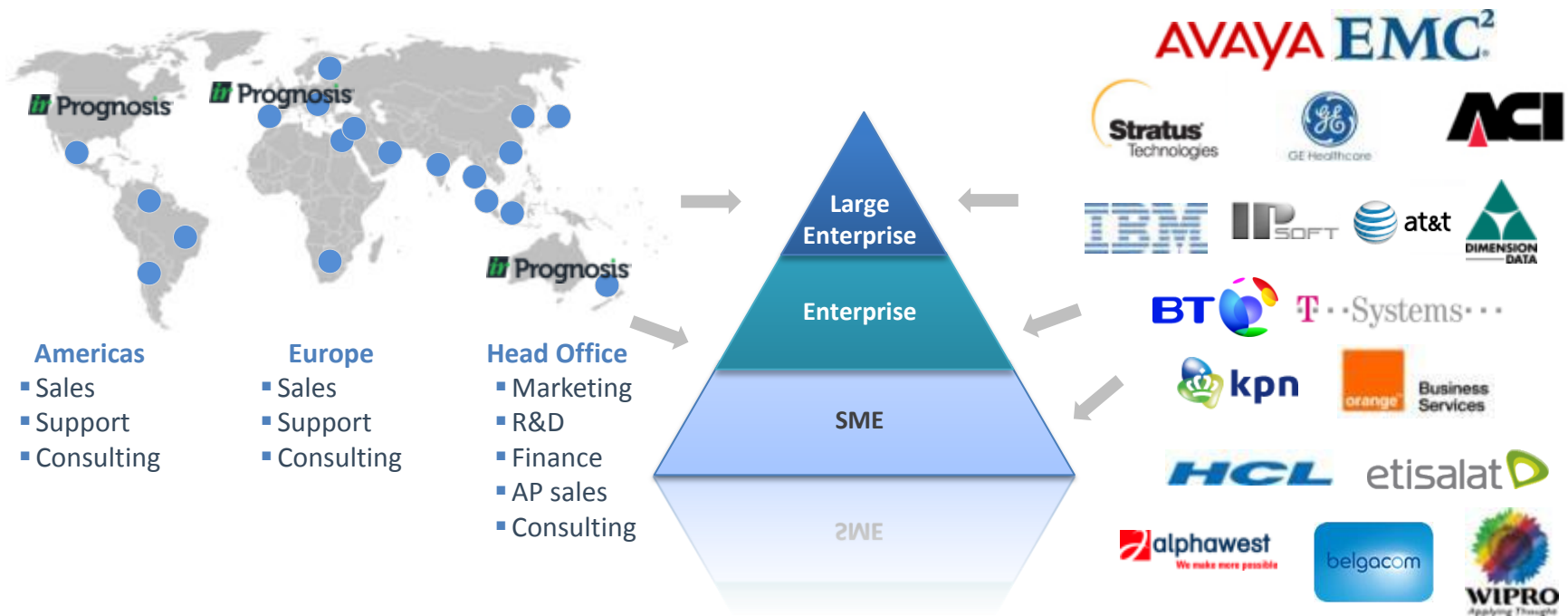
Sales strategy - more channels to market

Global network of IR offices and value-added resellers

- Direct enterprise sales
- Partner support

Strategic alliances and managed service providers

- All segments



Summary

Strong result

New licence sales up 16% & revenue up 8%

Americas up 33%

Profit up 50%

Results impacted by higher AUD

New licence sales up 27% and revenue up 18% on a constant currency basis

Strong product and service results

UC revenue up 30%, now 4.9M phones and 600 customers

Payments revenue up 32%

Consulting up 14%



A blurred photograph of several business professionals walking through a modern office hallway with large glass windows. The motion blur gives a sense of activity and movement.

Thank You

