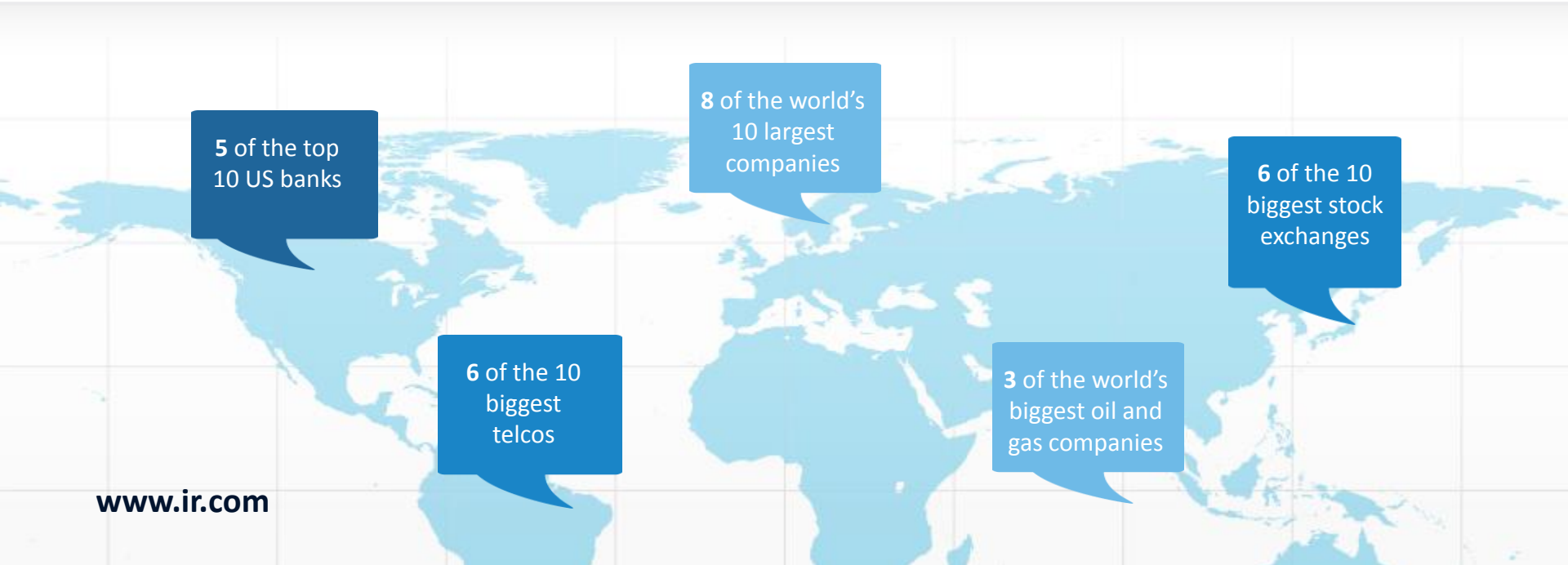


# Integrated Research Limited

## FY2012 Financial Results

August 2012

ABN: 76 003 558 449



5 of the top  
10 US banks

8 of the world's  
10 largest  
companies

6 of the 10  
biggest stock  
exchanges

6 of the 10  
biggest  
telcos

The 3 biggest  
oil and gas  
companies

WHO  
WE ARE

## Integrated Research






















IR is the leading global provider of **Prognosis** for performance management solutions for Unified Communications, Payments and IT Infrastructure.

WHAT  
WE DO

## Capabilities

**Prognosis provides** availability and performance management, diagnostics and insight for mission critical systems



## WHY WE SUCCEED

### Competitive Advantage

- ✓ **Prognosis is** real-time, scalable, extensible and flexible
- ✓ **Prognosis supports** multiple platforms, vendors and applications
- ✓ **IR has** 1,000 enterprise customers globally
- ✓ **IR has** a world-class R&D capability
- ✓ **IR is** profitable, debt-free and growing

## WHY CUSTOMERS BUY

### Value Proposition

**Prognosis increases** technology performance, minimizes outages, reduces cost and ensures user satisfaction

# FY2012 Highlights

## Financial Strength

- New Licence Sales \$28.9m up 15%
- Total Revenue \$48.6m up 9%
- Net Profit After Tax \$9.0m up 21%
- No debt

## Currency Impact

In constant currency:

- New Licence Sales up 19%
- Total Revenue up 13%

## UC Growth

- 156 new customers
- Over 5.7 million phones licensed and monitored to date
- Revenue up 26%

## Payments Growth

- Investment in payments yields a further 32% increase in revenue

## Infrastructure

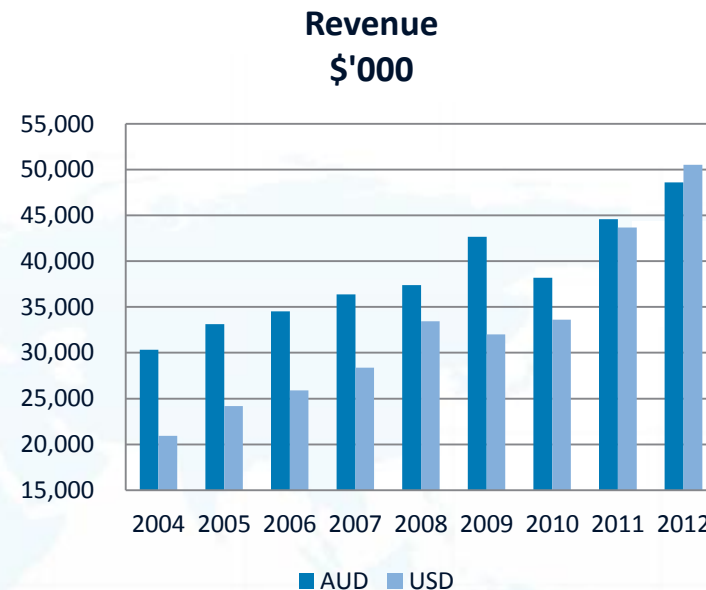
- Sound result: \$20.5m revenue

# Financial Results



# Financial Results

	30 June 2012 A\$000's	30 June 2011 A\$000's	% change	% change in constant currency
Licence fees	28,861	25,005	15%	19%
Maintenance fees	16,406	16,941	(3%)	2%
Consulting fees	3,341	2,646	26%	31%
<b>Total revenue</b>	<b>48,608</b>	<b>44,592</b>	<b>9%</b>	<b>13%</b>
R&D expenses - net	10,134	8,949	13%	
Sales, consulting & marketing expenses	23,004	21,023	9%	
General & Administrative expenses	4,278	4,137	3%	
PBT	11,568	9,694	19%	
PAT	9,035	7,465	21%	



- **Revenue growth – 4% stronger in constant currency**
- **Ongoing investment in R&D and Sales & Marketing**
- **Margin\* increased from 17% to 19%**

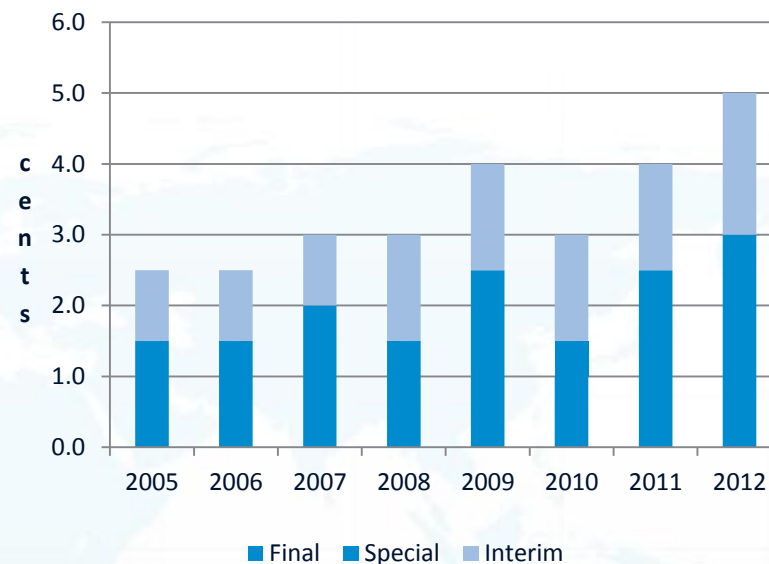
\* PAT/Revenue

# Balance Sheet

	30 June 2012 \$000's	30 June 2011 \$000's
Cash at bank	12,038*	11,635
Current Receivables	20,725	14,058
Development capitalization	13,849	13,808
Deferred Revenue	11,783	9,259
Net assets	29,233	27,357

\* Cash at 31 July 12: \$15.9M

## Dividends



## Shareholder Returns

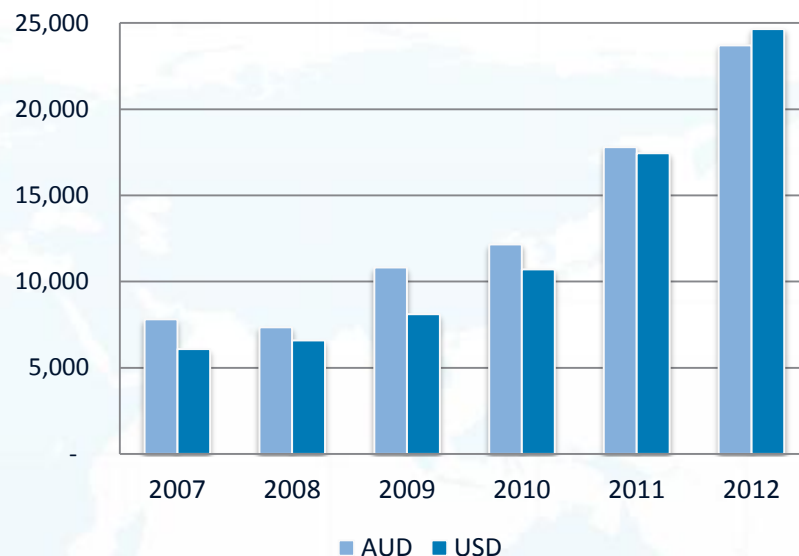
	2012	2011	2010
Basic earnings per share	5.41¢	4.47¢	3.24¢
Dividends per share (interim and final)	5.0¢	4.0¢	3.0¢
Franking percentage	58%	65%	19%
Return on equity	31%	27%	22%

# Review of Operations - Products

Revenue by Product Line (\$A)	June 2012 \$000's	June 2011 \$000's	% change	% change in constant currency
Unified Communications (UC)	21,448	16,977	26%	31%
Infrastructure	20,558	22,504	(9%)	(5%)
Payments	3,261	2,465	32%	36%
Consulting Services	3,341	2,646	26%	31%
<b>Total Revenue</b>	<b>48,608</b>	<b>44,592</b>	<b>9%</b>	<b>13%</b>

\*Excluding deferred revenue

Unified Communications Billings \*



- **Strong growth in UC** - now the Company's highest revenue line
- **High Payments growth**, validating investment
- **NonStop sales up 2%**
- **Consulting growth continues**

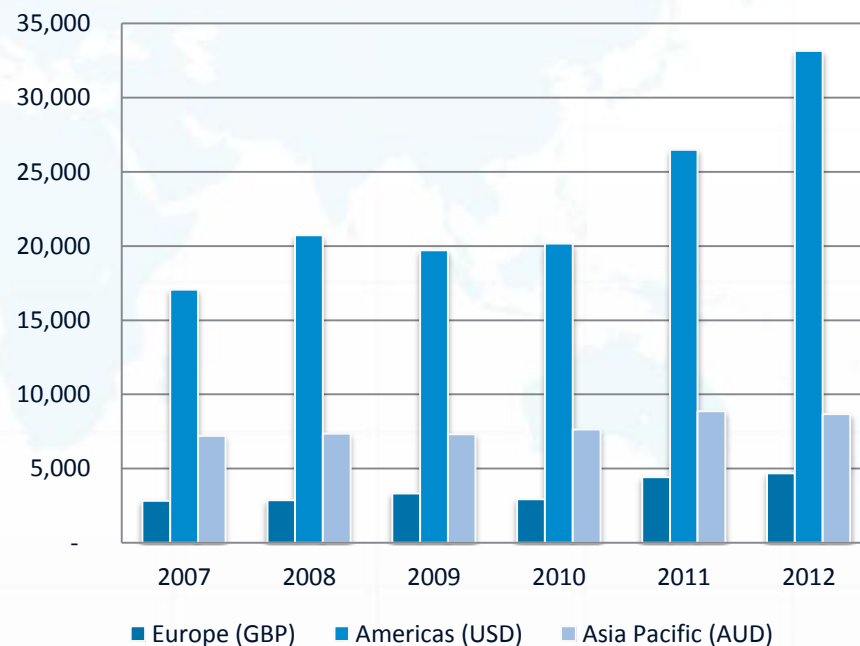


# Review of Operations - Regions

Revenue by Geographic region (In local currency)	30 June 2012 000's	30 June 2011 000's	% change
Americas (\$US)	33,137	26,489	25%
Europe (GBP)	4,687	4,416	6%
Asia Pacific (\$A)	8,668	8,858	(2%)

- Americas up 25% due to strong UC sales
- Europe up 6% on improved Payments sales
- Growth opportunity in Asia Pacific

Revenue by region ('000)



# Growth Strategy



# Growth Strategy

Create, sell and support Prognosis-based products and services



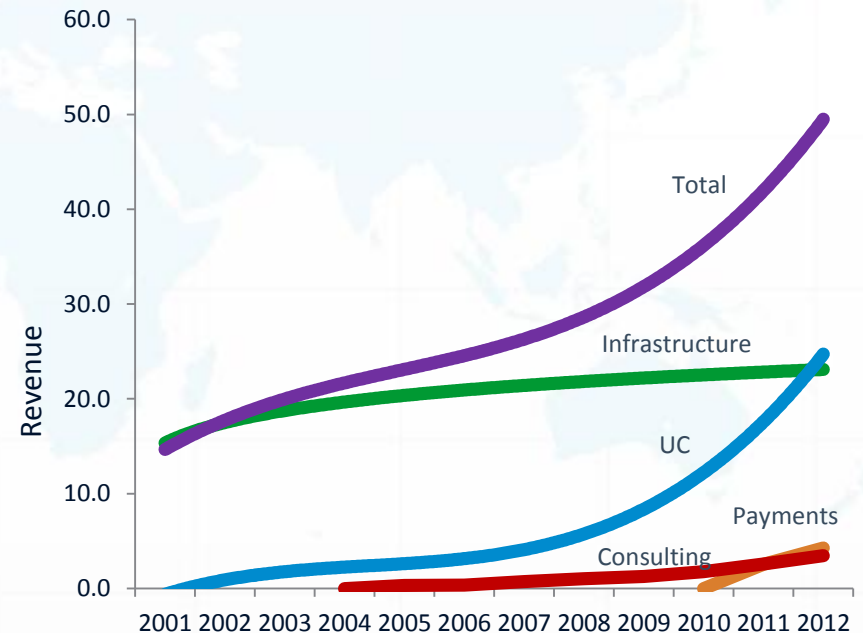
Deliver profitable growth from existing markets and customers



Create new products to open new markets



**IR Revenue Growth Trend  
2001 – 2012**  
\$ US M's



# Growth Strategy – Unified Communications

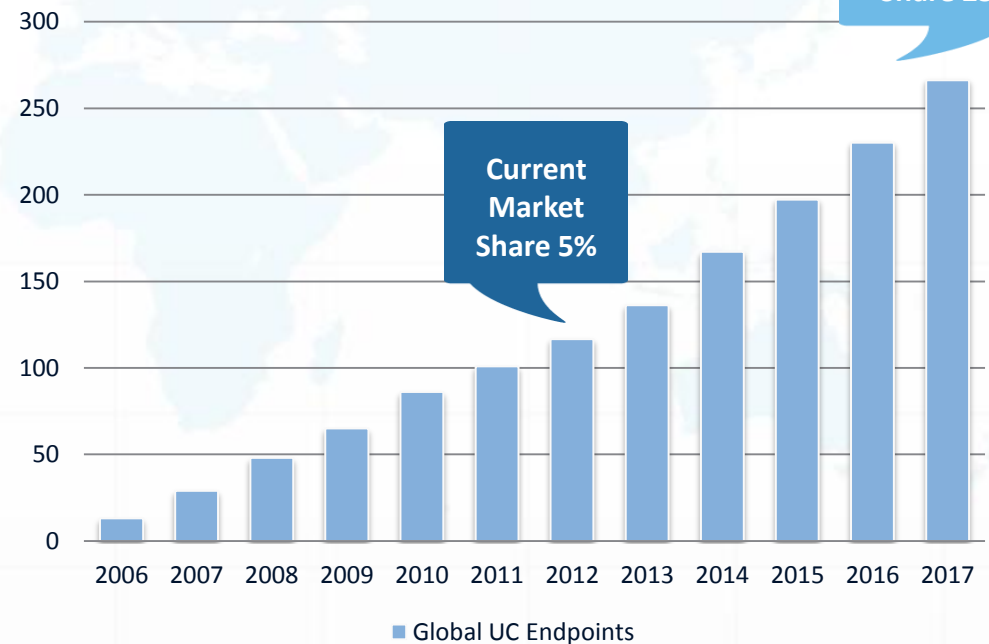
**1** UC shipments increasing – accelerated by Microsoft Lync

**2** Expansion from Voice to UC applications increases market

**3** Growth in size, complexity and criticality of networks = greater need for Performance Management

Global UC Endpoints (M's)

Source: Gartner



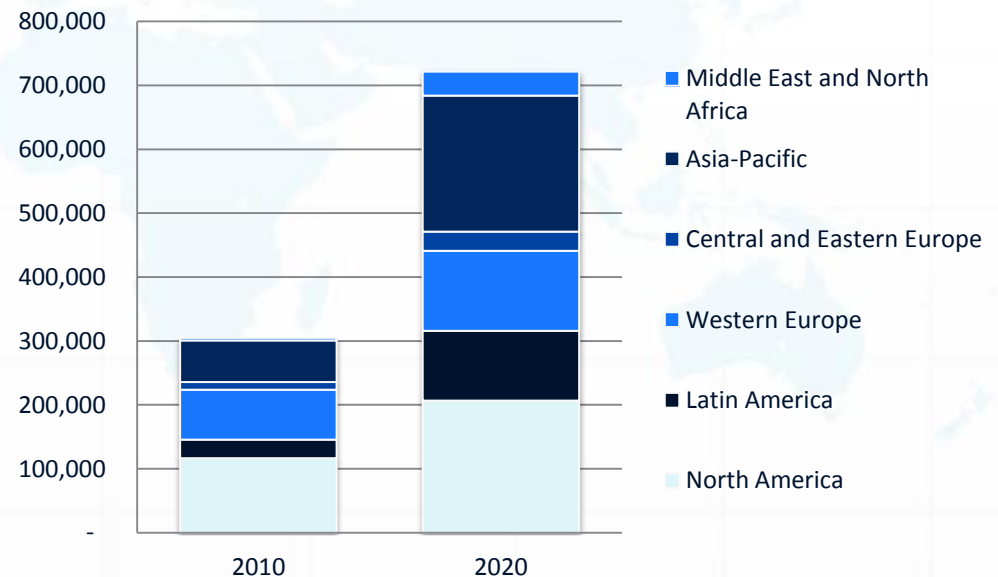
# Growth Strategy – Payments

**1** Increasing Payments transactions – fuelled by micropayments and developing economies

**2** Greater Payments complexity – online, phone, cross-border ...

**3** Increasing governance and regulation = Demand for Performance Management

**Global Payments Volumes**  
(M's Transactions)  
Source: BCG



# Growth Strategy – Global



## AMERICAS

- Maximize largest market
- Develop Latin America

## EUROPE

- Increase global share of revenue
- Expand presence in Germany – focus on strong economy

## APAC

- Maximize fastest growing market
- Open office in Singapore

# Growth Strategy – R&D

	30 June 2012 A\$000's	30 June 2011 A\$000's	% Change
Gross spending	10,215	8,924	14%
Development – Capitalised	6,730	5,655	19%
Capitalised %	66%	63%	
Amortised	6,649	5,680	17%
<b>Net Expense</b>	<b>10,134</b>	<b>8,949</b>	<b>13%</b>
% of revenue	21%	20%	

- 
- **Maintain investment in R&D – 21% of revenue**
  - **New product development – expand vendor and application support**
  - **People – graduate program and Agile development increase R&D capability**

# Growth Strategy - Risks

## Risk and Challenges

- Currency exchange rate movements
- Global economic volatility

## Proactive Management

- Hedging
- Diversification of product and services
- Geographic diversification
- Continuous productivity improvements:
  - Absorbs AUD increases
- Well positioned if AUD declines





# FY2012 Summary

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**Thank You**  
**Questions?**

