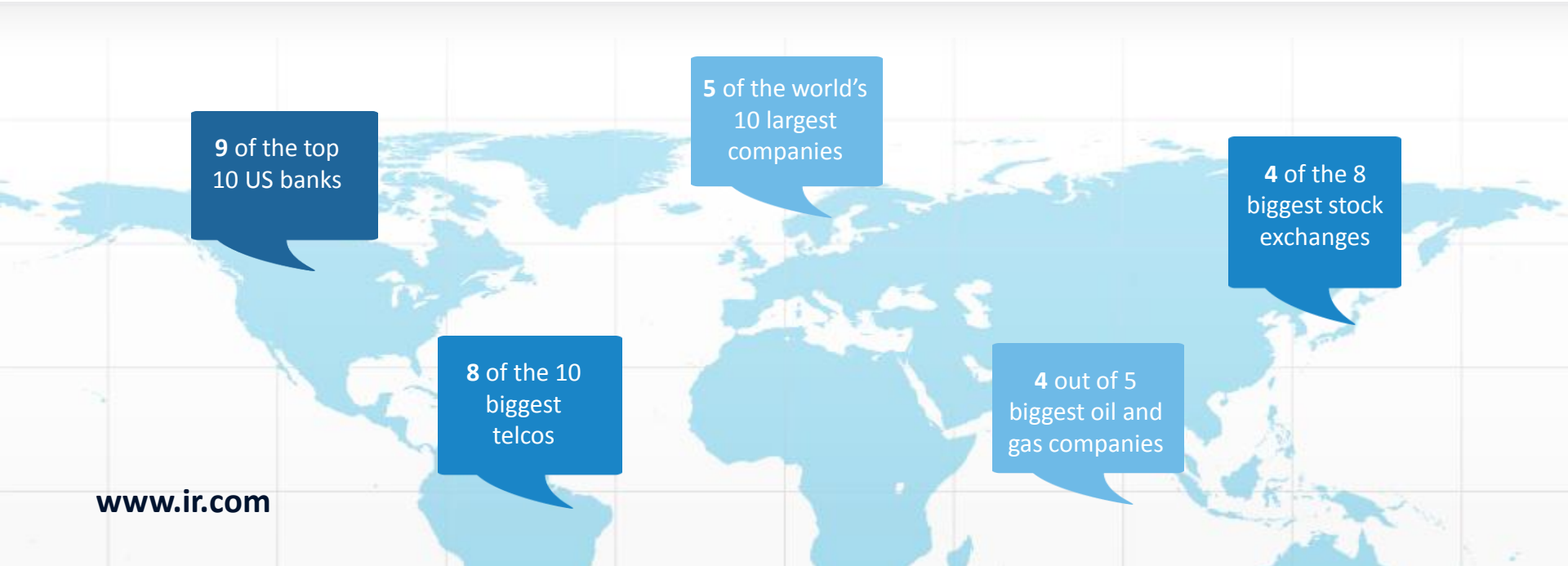


Integrated Research Limited

FY2013 Financial Results

August 2013

ABN: 76 003 558 449



9 of the top
10 US banks

5 of the world's
10 largest
companies

4 of the 8
biggest stock
exchanges

8 of the 10
biggest
telcos

4 out of 5
biggest oil and
gas companies

WHO WE ARE

Integrated Research

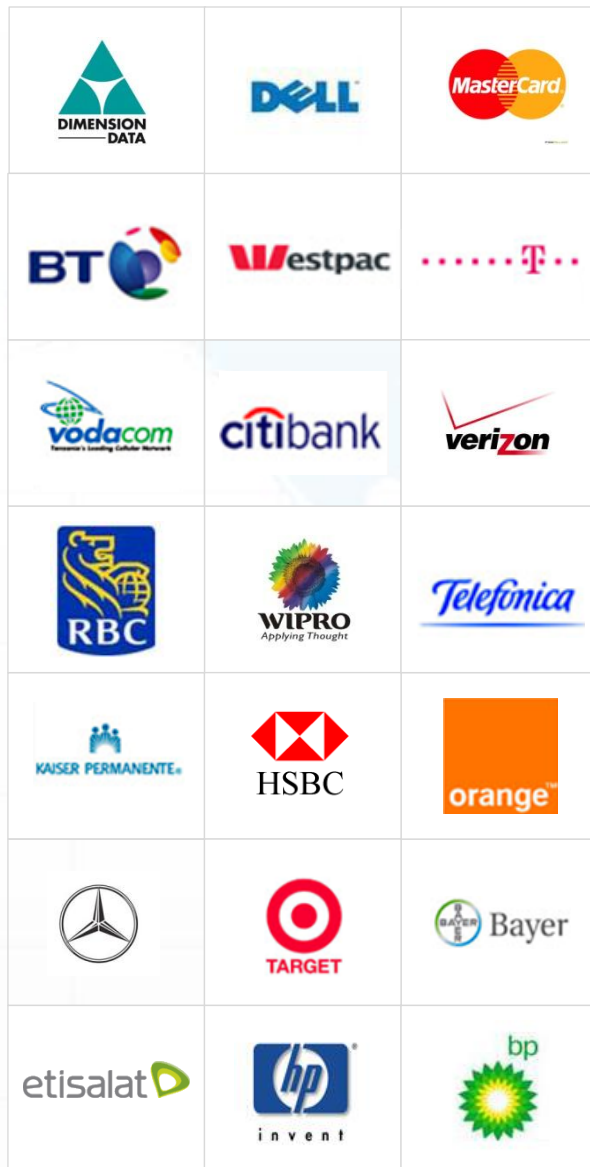
IR is the leading global provider of **Prognosis** for performance management solutions for Unified Communications, Payments and IT Infrastructure.

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

FY2013 Highlights

Strong second half profit

- Second half profit up 16%
- Total Revenue \$48.9m up 1%
- Net Profit After Tax \$9.1m
- No debt
- Cashflow from operations up 19% to \$17.5m

UC Growth

- 128 new customers
- Over 8.8 million phones licensed and monitored to date

Consulting Growth

- Revenue up 35%
- Margin improvement

Infrastructure

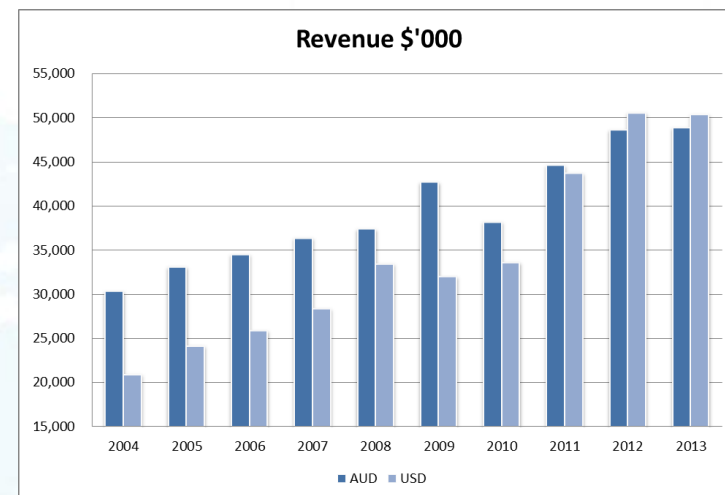
- Solid result: \$19.6m revenue

Financial Results



Financial Results

| | 30 June 2013 A\$000's | 30 June 2012 A\$000's | % change |
|--|-----------------------------|-----------------------------|-------------|
| Licence fees | 26,632 | 28,861 | (7.7%) |
| Maintenance fees | 17,717 | 16,406 | 8.0% |
| Consulting fees | 4,510 | 3,341 | 35.0% |
| Total revenue | 48,859 | 48,608 | 0.5% |
| R&D expenses - net | 10,777 | 10,134 | 6.3% |
| Sales, consulting & marketing expenses | 23,279 | 23,004 | 1.2% |
| General & Administrative expenses | 4,280 | 4,278 | 0.0% |
| PBT | 11,570 | 11,568 | 0.0% |
| PAT | 9,078 | 9,035 | 0.5% |

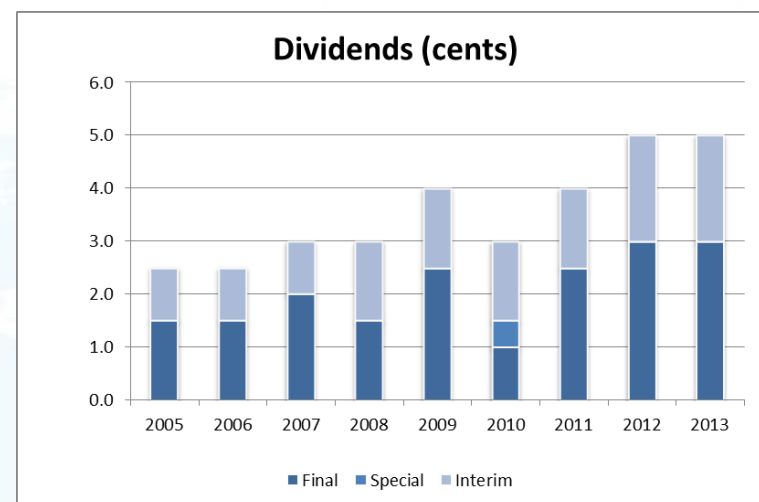


- **Strong second half profit growth of 16%**
- **Consulting growth – fourth consecutive year**
- **Cost base – continuing investment in R&D**

Balance Sheet

| | 30 June 2013 \$000's | 30 June 2012 \$000's |
|-------------------|----------------------------|----------------------------|
| Cash at bank | 14,827* | 12,038 |
| Trade receivables | 23,564 | 21,381 |
| Intangible assets | 15,040 | 13,849 |
| Deferred revenue | 14,729 | 11,885 |
| Net assets | 30,010 | 29,233 |

* Cash at 31 July 13: \$18.1M

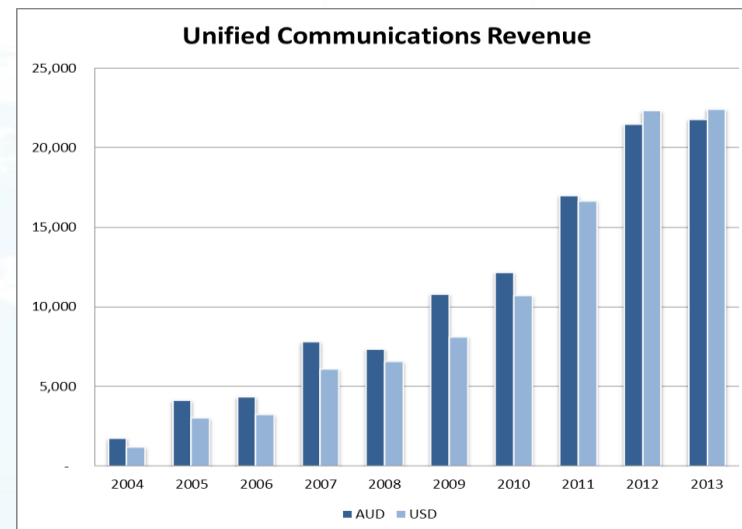


Shareholder Returns

| | 2013 | 2012 | 2011 |
|--|-------|-------|-------|
| Basic earnings per share | 5.40¢ | 5.41¢ | 4.47¢ |
| Dividends per share (interim and final) | 5.0¢ | 5.0¢ | 4.0¢ |
| Franking percentage | 36% | 58% | 65% |
| Return on equity | 30% | 31% | 27% |

Review of Operations - Products

| Revenue by Product Line (\$A) | June 2013 \$000's | June 2012 \$000's | % change |
|-------------------------------|----------------------|----------------------|-------------|
| Unified Communications (UC) | 21,760 | 21,448 | 1.5% |
| Infrastructure | 19,566 | 20,558 | (4.8%) |
| Payments | 3,023 | 3,261 | (7.3%) |
| Consulting Services | 4,510 | 3,341 | 35.0% |
| Total Revenue | 48,859 | 48,608 | 0.5% |

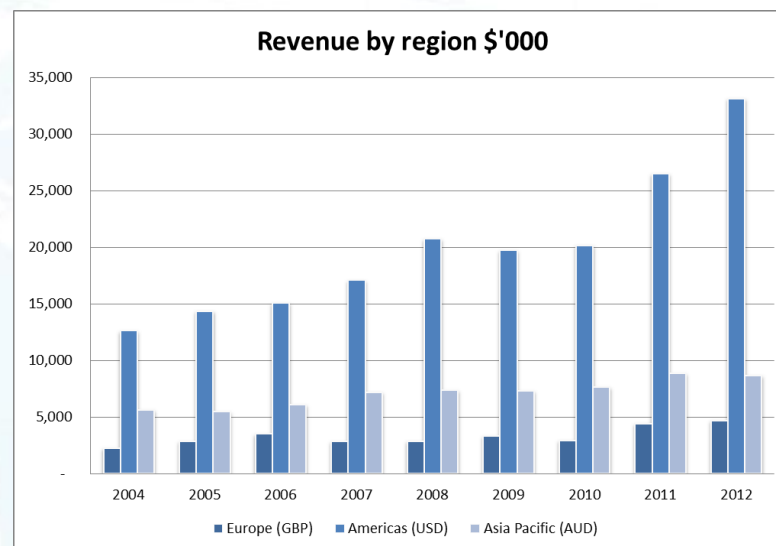


- UC revenue impacted by Avaya partner re-evaluation
- IR wins Avaya DevConnect Partner Of The Year
- Consulting - 4th consecutive year of growth



Review of Operations - Regions

| Revenue by Geographic region (In local currency) | 30 June 2013 000's | 30 June 2012 000's | % change |
|--|-----------------------|-----------------------|----------|
| Americas (\$US) | 35,247 | 33,137 | 6.4% |
| Europe (GBP) | 4,519 | 4,687 | (3.6%) |
| Asia Pacific (\$A) | 7,496 | 8,668 | (13.5%) |



- **Americas up with strong second half.**
- **Europe recovery in second half.**
- **Asia Pacific pipeline building for FY14.**

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



Growth Strategy – Unified Communications

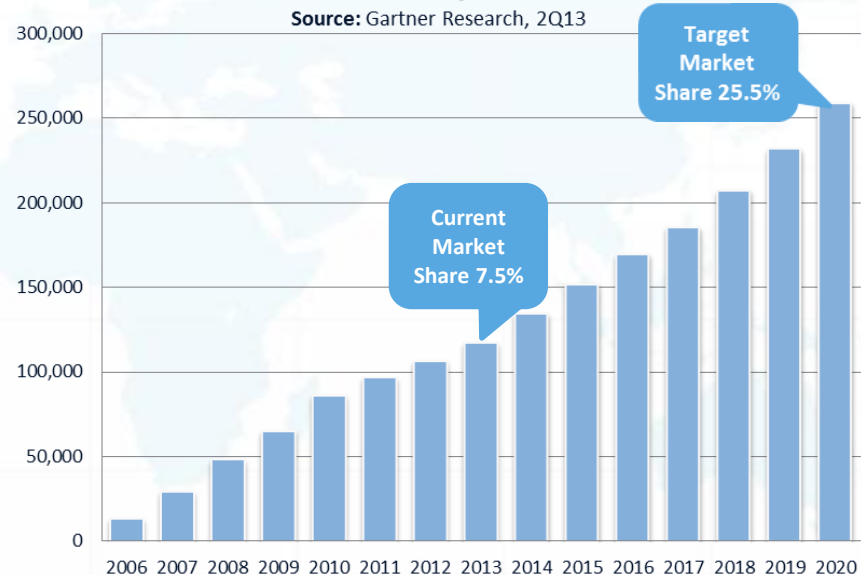
1 UC shipments increasing – accelerated by Microsoft Lync and uptake in managed services

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 (000s)

Source: Gartner Research, 2Q13

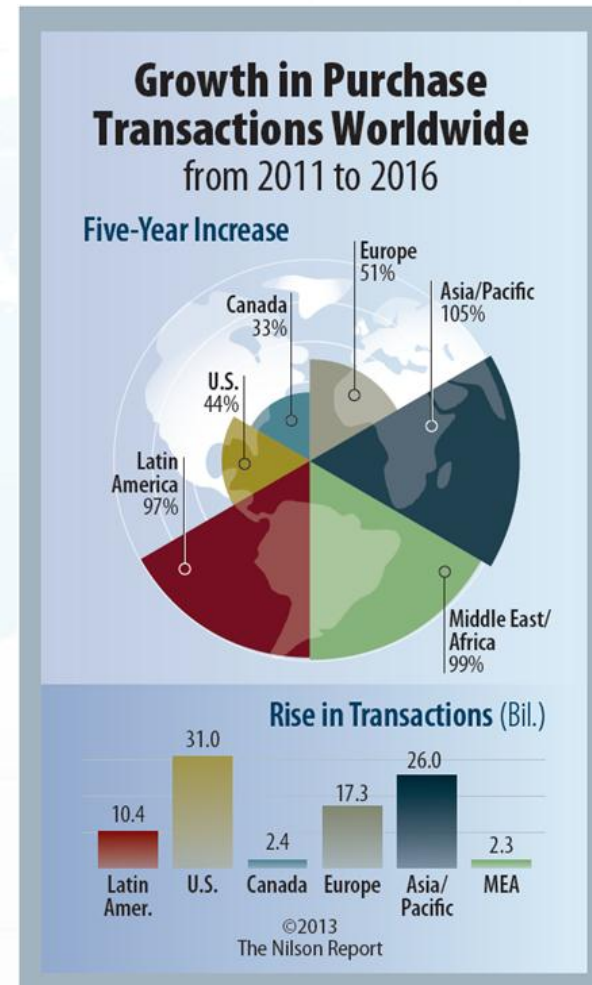


Growth Strategy – Payments

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



Growth Strategy – Global



AMERICAS

- Maximize largest market
- Develop Latin America

EUROPE

- Increase global share of revenue
- Opened office in Germany

APAC

- Maximize fastest growing market
- Opened office in Singapore

Growth Strategy – R&D

| | June 2013 A\$000's | June 2012 A\$000's | % change |
|---------------------------|-----------------------|-----------------------|-------------|
| Gross spending | 12,051 | 10,215 | 18.0% |
| Development – Capitalised | 7,880 | 6,730 | 17.1% |
| Capitalised % | 65% | 66% | |
| Amortised | 6,606 | 6,649 | (1.0%) |
| Net Expense | 10,777 | 10,134 | 6.3% |
| % of revenue | 22.1% | 20.8% | |

- **New product development:**
Prognosis 10 due 1st half of FY2014 to provide greater functionality



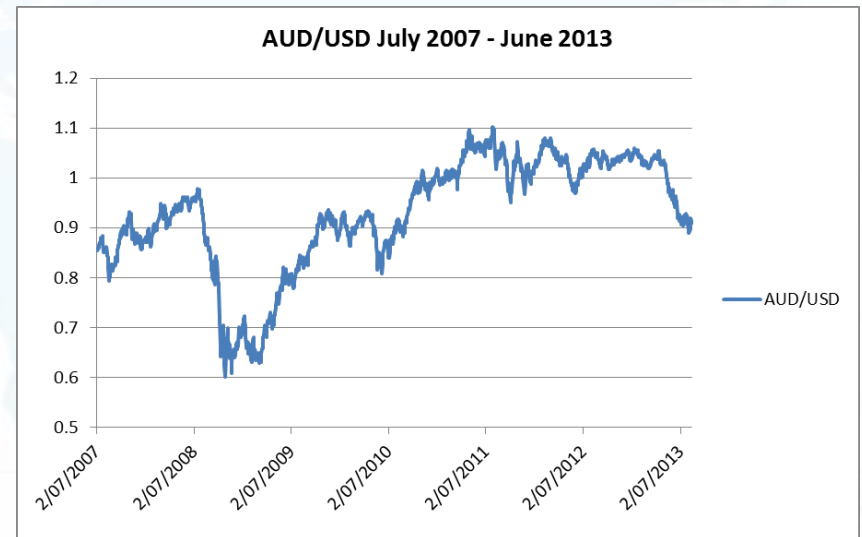
Growth Strategy - Risks

Risk and Challenges

- Currency exchange rate movements
- Global economic volatility

Proactive Management

- Rolling hedging program
- Diversification of product and services
- Geographic diversification
- Continuous productivity improvements:
 - Absorbs AUD increases
- Well positioned if AUD continues to decline



Source: National Australia Bank

Summary

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Thank You
Questions?

