

## Integrated Research Limited Half Year Financial Results

**Sydney, Australia, 20 February 2014** – Integrated Research (ASX:IRI) the leading global provider of high-availability performance monitoring, business intelligence and diagnostic software, today released its results for the six month period ended 31 December 2013.

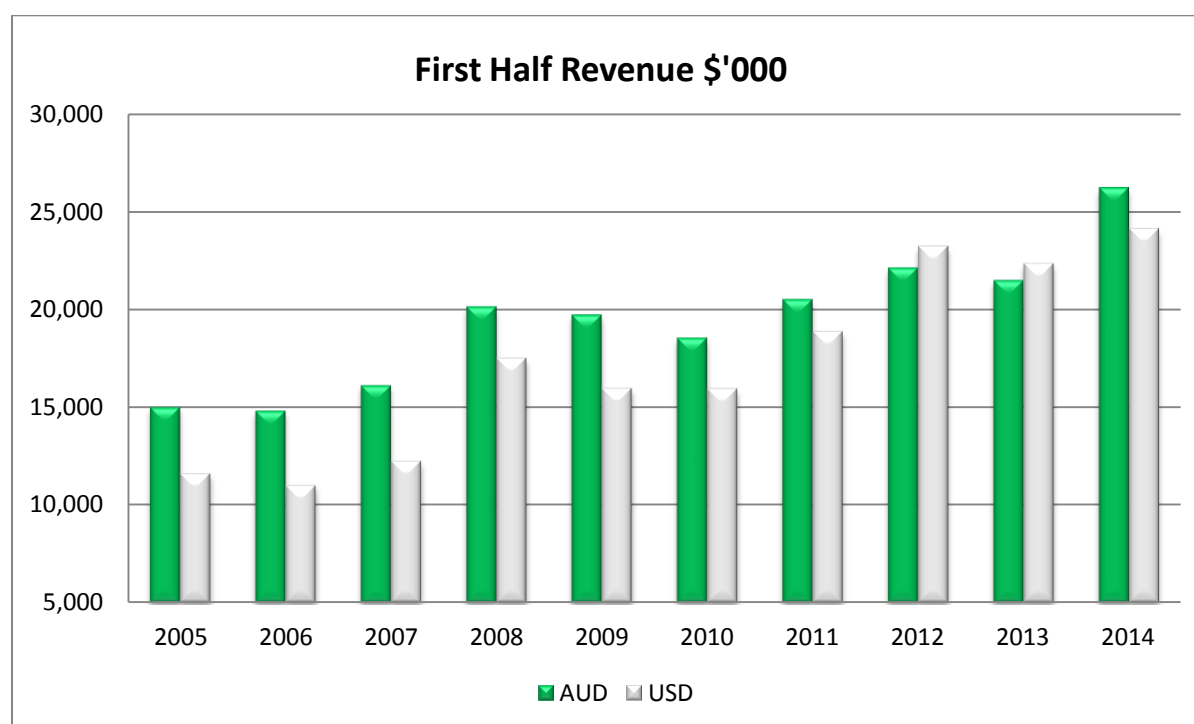
The Company is pleased to announce an increase of 64% in profit after tax to \$4.5 million for the six month period to 31 December 2013 when compared to the previous corresponding period. The result is within the guidance provided to the ASX on 9 January 2014. New licence sales increased by 28% to \$13.8 million and total revenue increased by 22% to \$26.2 million.

All product lines experienced substantial growth and achieved the following results:

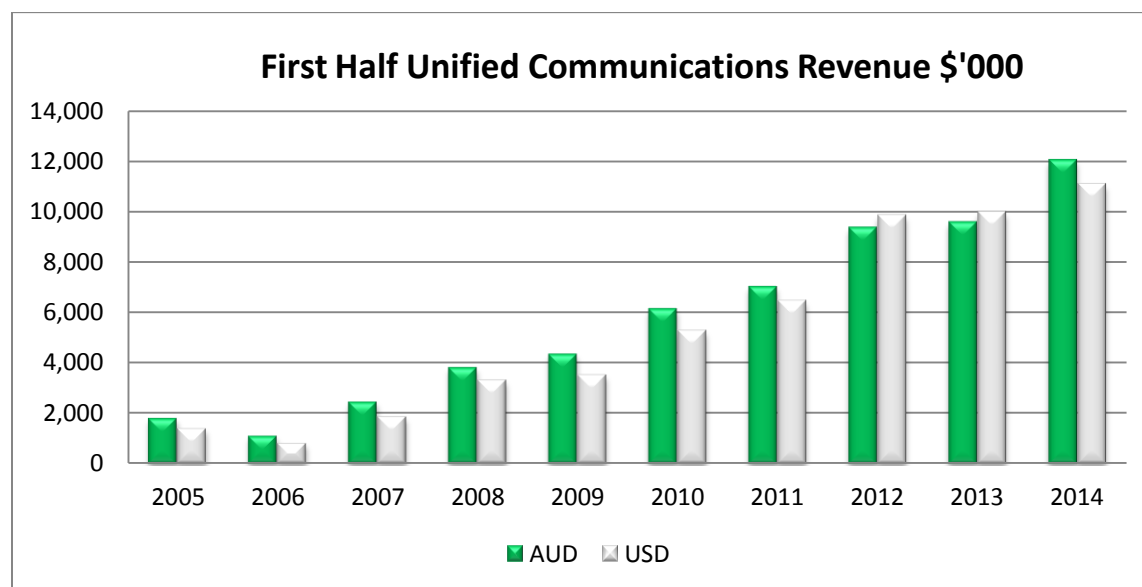
- Revenue from Unified Communications increased by 26% to \$12.1 million
- Revenue from Payments increased by 74% to \$2.2 million
- Revenue from Infrastructure, which includes HP-Nonstop, increased by 11% to \$9.5 million

Consulting services revenue increased by 18% to \$2.5 million.

Over 95% of the Company's revenue is derived from customers outside of Australia. The following chart highlights the Company's revenue growth in both Australian and US currencies for the first half of the 2014 financial year and nine equivalent prior periods.



The Company's premier product line, Unified Communications, grew strongly with revenue increasing by 26% due to strong licence sales in the Americas when compared to the previous corresponding period. Further, a very high customer retention rate of 99% is a leading indicator of customer satisfaction.



Steve Killelea, Chairman of Integrated Research said, "The strong first half result is very pleasing particularly as all geographic regions and product lines experienced growth. The release of Prognosis 10 provides the Company with an exciting platform to enable future growth across all product lines, including the ability to develop cloud based applications."

Darc Rasmussen, CEO of Integrated Research said, "I have enjoyed my initial period with IR and the opportunity to lead our employees and support our alliance partners in achieving a healthy start to the year. The Company achieved a significant sale to Avaya and benefited from early results of management initiatives that contributed to strong growth in the first half."

The Company continues to invest in its future with total spending on research and development representing 21% of revenue. The Company's operating margin (i.e. profit/revenue) for the current half was 17% compared to 13% for the previous corresponding period.

The results were assisted by a depreciating Australian dollar and when growth was adjusted to constant currency, new licence sales would have increased by 15%, revenue by 9%, and profit after tax by 23%.

The release of Prognosis 10 in November 2013 was a significant event for the Company and the Company's largest release in its history. It represents two years of development at an investment of \$10 million. Prognosis 10 delivers a consolidated software platform with a common code base that will allow the Company to rapidly innovate and bring new solutions to market faster than was previously possible. New capabilities such as a powerful web interface and mobile access provides the Company's customers with anytime-anywhere secure access to business critical and performance management information for their continuity-critical IT systems.

A multi-faceted marketing approach is being undertaken to launch Prognosis 10, which includes a highly successful joint campaign with global strategic Payments partner, ACI Worldwide. The initial response from early adopters of Prognosis 10 has been very encouraging across both prospective and existing customers. Over the next few months the Company will also be releasing incremental product capabilities that will open up new revenue opportunities and allow expansion into adjacent markets.

The Company's relationship with Avaya has strengthened through the expansion of their Select Partner Program into 28 European countries. Through the program, orders for Prognosis can be placed directly through Avaya and its distributors, effectively increasing sales coverage. Additional territories will be added over the coming months.

The table below summarises the Company's key revenue, expense and profit results compared to the previous corresponding period:

Half Year Ending				
Financial result highlights (\$'000)	December 2013	December 2012	% Change	% change in constant currency <sup>#</sup>
Revenue from licence fees	13,810	10,768	28%	
Revenue from maintenance fees	9,920	8,610	15%	
Revenue from consulting	2,474	2,090	18%	
<b>Total revenue</b>	<b>26,204</b>	<b>21,468</b>	<b>22%</b>	<b>9%</b>
Research & development expenses	5,582	5,333	5%	
Sales, consulting & marketing expenses	12,812	11,216	14%	
General and administrative expenses	2,309	1,967	17%	
<b>Total expenses</b>	<b>20,703</b>	<b>18,516</b>	<b>12%</b>	<b>6%</b>
Net profit before income tax	5,757	3,067	88%	
<b>Net profit after income tax</b>	<b>4,519</b>	<b>2,751</b>	<b>64%</b>	<b>23%</b>

<sup>#</sup> This column represents the increase/(decrease) over the equivalent prior period had currency exchange rates remained constant.

## Dividends

Directors have declared an interim dividend of 2.5 cents per share franked to 30 per cent. Integrated Research maintains a strong financial position and remains free of debt with a total cash position at 31 December 2013 of \$16.0 million.

-ends-

**About Integrated Research (ASX:IRI)** – Integrated Research is a leading global provider of proactive performance management software for critical IT infrastructure, payments and communications ecosystems and the creator of award-winning Prognosis. Organizations in over 50 countries- including some of the world’s largest banks, airlines and telecommunication companies rely on Prognosis to provide business critical insights, ensure continuity-critical systems deliver high availability and performance for millions of their customers across the globe.