



Integrated Research Limited Half Year Financial Results

Sydney, Australia, 19 February 2015 – Integrated Research (ASX:IRI) the leading global provider of high availability performance management, business intelligence and proactive diagnostic software today released its results for the six month period ended 31 December 2014.

The Company is pleased to announce a record first half result with profit after tax increasing by 67% to \$7.5 million when compared to the prior corresponding period. The result is within the guidance provided to the ASX on 7 January 2015. New licence sales for the first half increased by 43% to \$19.7 million and total revenue increased by 28% to \$33.5 million.

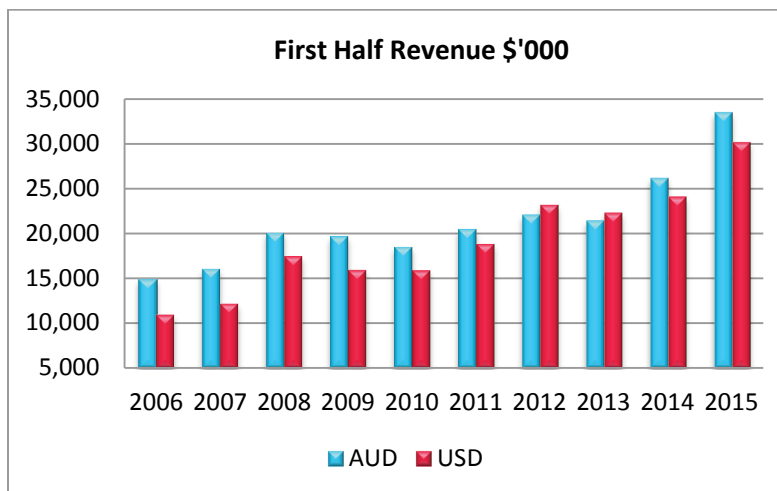
All product lines recorded strong growth and achieved the following results:

- Revenue from Unified Communications and Contact Centre increased by 41% to \$17.0 million
- Revenue from Payments increased by 15% to \$2.5 million
- Revenue from Infrastructure, which includes HP-Nonstop, increased by 21% to \$11.5 million

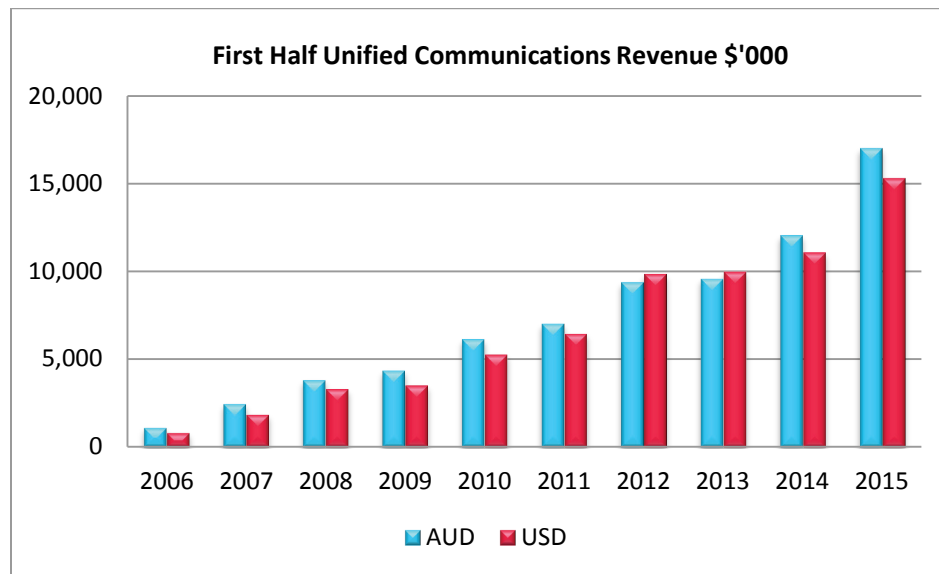
Steve Killelea, Chairman of Integrated Research said, “The strong first half result has been achieved by a realignment of the strategic focus of the Company to become a truly customer centric organisation. The recent release of Prognosis 10 was an evolutionary step for the Company into cloud-based subscription services as well as delivering a platform for rapid product creation. The result bodes well for the future as the new licences came from a wide range of customers and products, underscoring the strength of the Company’s position in its markets.”

Over 95% of the Company’s revenue was derived from outside of Australia.

The following chart highlights the Company’s revenue growth in both Australian and US currencies for the first half of the 2015 financial year and the nine prior equivalent periods.



The Company's leading product line, Unified Communications (UC), grew by 41% and was based on a broad range of new licences from the Americas with no one licence being more than 10% of total new licence sales. The results include major transactions with General Motors, Citigroup and Dimension Data.



Darc Rasmussen, CEO of Integrated Research said, "The Company's investment during the past year in four strategic initiatives around marketing, partnering, solutions and regional growth is now beginning to show results. Innovation is a core competency of IR, coupled with deep domain expertise in our target markets. We are very pleased by the endorsement by our customers that these results reflect and we will continue to execute accordingly."

The Company continues to invest in its future with total spending on research and development representing 19% of revenue. The Company's operating margin for the current half was 23% compared to 17% for the previous corresponding period. The Company's maintenance retention rates remain strong at 95%.

The results were assisted by a depreciating Australian Dollar. The effective US Dollar exchange rate for the first half was 88 cents. When growth was adjusted for constant currency, new licence sales would have increased by 39%, revenue by 25%, and profit after tax by 48%.

The Company continues to expand its product line with the recent release of Call Recording Assurance. This solution provides verification that communications and interactions are recorded in accordance with regulatory requirements. Without such assurance, organisations in highly regulated industries such as financial services risk the potential of millions of dollars in fines being imposed by government regulators. The product is gaining strong traction in its respective markets.

The significant recent growth of the Microsoft Lync, now Skype for Business, market presents new opportunities. The Company is well positioned by virtue of its existing strength in the UC market and its aggressive research agenda, including being the first to support new Lync interfaces.



A significant driver behind the recent growth in UC solutions is the Company's new offering, VoiceQuality 360[®], which uniquely tracks calls across entire multi-vendor implementations from the application level right down to the network level. This delivers the market's first and only holistic solution capable of managing performance and tracking the routing of network packets without the addition of specialised hardware or probes. The solution is certified for Skype for Business, Cisco and Avaya. The Company has applied for a patent on the technology.

The Company continues to build on its relationship with Avaya releasing support for Avaya IP Office which was developed in close collaboration with Avaya under their Select Product Program (SPP). This extends Prognosis' performance management capabilities to enterprise branch offices and the mid-market.

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

Financial result highlights (\$'000)	Half Year Ending		% Change
	December 2014	December 2013	
Revenue from licence fees	19,724	13,810	43%
Revenue from maintenance fees	11,277	9,920	14%
Revenue from consulting	2,491	2,474	1%
Total revenue	33,492	26,204	28%
Research & development expenses	6,206	5,582	11%
Sales, consulting & marketing expenses	15,771	12,812	23%
General and administrative expenses	2,533	2,309	10%
Total expenses	24,510	20,703	18%
Net profit before income tax	10,071	5,757	75%
Net profit after income tax	7,548	4,519	67%

Dividends

Directors have declared an interim dividend of 3.5 cents per share franked to 35 per cent. This compares to 2.5 cents for the prior corresponding period. Integrated Research maintains a strong financial position and remains free of debt with a total cash position at 31 December 2014 of \$14.3 million.

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About Integrated Research (ASX:IRI) – Integrated Research is the leading global provider of proactive performance management software for critical IT infrastructure, payments and communications ecosystems. More than 1000 organizations in over 60 countries - including some of the world's largest banks, airlines and telecommunication companies rely on IR Prognosis to provide business critical insights and ensure continuity-critical systems deliver high availability and performance for millions of their customers across the globe.

For further information, visit www.ir.com

