by Integrated Research

Integrated Research Limited
FY2007 1st Half financial results

ABN: 76 003 588 449

February 2007

Investor Presentation

Precise performance monitoring for business-critical systems

Financial results: 1st half FY 2007

	31 Dec 2006 A$000's	31 Dec 2005 A$000's	% change
Licence fees	7,494	7,008	7%
Maintenance fees	8,187	7,535	9%
Other	434	271	60%
Total revenue	16,115	14,814	9%
R&D expenses - net	3,458	3,803	(9%)
SG&A expenses	10,273	9,215	11%
Interest Income	243	214	14%
PBT	2,627	2,011	31%
PAT	1,903	1,631	17%
Operating Cashflow	4,377	2,071	111%

R&D spending

	31 Dec 2006 A$000's	31 Dec 2005 A$000's	% change
Gross spending	4,377	3,736	17%
Development – Cap.	2,565	2,030	26%
Capitalised %	59%	54%	
Amortised	1,646	2,097	(22%)
Net Expense	3,458	3,803	(9%)
% of revenue	21%	26%	

Balance sheet

Key balance sheet items

	31 Dec 2006 A$000's	30 June 2006 A$000's
Cash at bank	11,788	10,736
FDT (tax prepaid)	1,370	2,212
Receivables	10,638	13,615
Development cap.	10,477	9,567
Deferred Revenue	11,063	10,151
Net assets	22,626	23,288

Review of Operations: 1st half FY 2007

Revenue by Segment	31 Dec 2006 A$000's	31 Dec 2005 A$000's	% change
By Geographic region:			
Americas	9,945	9,475	5%
Europe	2,760	3,024	(9%)
Asia Pacific	3,411	2,315	47%
Total revenue	16,115	14,814	9%
By Product Line:			
NonStop	5,184	5,034	3%
IP Telephony	1,714	678	153%
Windows, Unix, Linux (WUL)	799	1,198	(33%)
Total – new licence revenue	7,697	6,910	11%

IP Telephony - momentum building

- **New Partners (Managed Service Providers) MSP's**
  - **AT&T, IBM, Sprint**
  - **Using PROGNOSIS for their customers and Internally**
  - **Each partner independently tested PROGNOSIS extensively**
    - **Useability, Interoperability, Security**
  - **18 months of resource intensive sales effort**
  - **Follow on revenue opportunities with each partner**
  - **Barriers to entry high for competitors**

- **New End users**
  - **Bendigo Bank (Aus)**
  - **HSBC (UK)**
  - **BAE Systems (USA)**
  - **The Capital Group (USA)**

IP Telephony - Strategy

- **Market Strategy – First mover in large enterprises**
  - **Cover the key MSP's in each region**
    - ❑ **Carriers and Integrators**
  - **Continue a direct (end-user) sales focus**
  - **Relationships with key analysts and influencers**

- **Product Strategy**
  - **Multi-vendor is a key differentiator**
    - ❑ **AT&T sale included AVAYA**
  - **Build add-on products for existing customers**
    - ❑ **Management Reporter**
  - **Leverage our WUL products**