

Appendix 4D Half year report

Name of entity

INTEGRATED RESEARCH LIMITED

ABN

76 003 588 449

Reporting period
(year ended)

31 December 2008

Previous corresponding
period (year ended)

31 December 2007

For announcement to the market

Extracts from this report for announcement to the market

			A\$000
Revenues from ordinary activities	Down	2% to	19,713
Profit after tax attributable to members	Down	31% to	2,890
Net profit for the period attributable to members	Down	31% to	2,890

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend	1.50¢	-
Previous corresponding period	1.50¢	-

Record date for determining entitlements to the dividend

23rd February 2009

Date the dividend is payable

9 March 2009

This half-yearly report is to be read in conjunction with the most recent annual financial report.

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Refer to Half Year Financial Report attached.

NTA backing	Reporting Period	Previous corresponding period
Net tangible asset backing per ordinary security	7.22¢	7.39¢

Dividends \$'000	Reporting Period	Previous corresponding period
Unfranked interim dividend of 1.5 cents per share payable on 9 March 2009 (unfranked dividend of 1.5 cent per share paid in March 2008)	2,502	2,500
Unfranked final dividend for 2008 year of 1.5 cent per share paid in September 2008 (unfranked dividend of 2.0 cent per share paid in September 2007)	2,502	3,326
Total dividends provided for or paid	5,004	5,826

Independent Auditor's Review Report

The Independent Auditor's Review Report is attached.

Integrated Research Limited

ABN: 76 003 588 449

Half-Year Report - 31 December 2008

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12 February 2009



Directors' Report

The directors present their report together with the consolidated financial report for the half-year ended 31 December 2008 and the review report thereon.

Directors

The directors of the company at any time during or since the end of the half-year are:

Name:	Date appointed as a Director:
Non-executive:	
Stephen Killelea (Chairman)	August 1988 (appointed Chairman July 2005)
David Boyles (Deputy Chairman)	Resigned as Non-executive director November 2008
Kate Costello	August 2005
John Brown	July 2007
Clyde McConaghy	December 2007
Executive:	
Mark Braylan	September 2007

Principal Activities

The company's principal activities are the design, development and sale of systems and applications management computer software to provide precise performance management solutions for high-reliability computer systems. There were no significant changes in the nature of these activities during the half-year.

Half-Year Results

The following table summarises the key revenue, expense and profit results for the consolidated entity for the half-year ended 31 December 2008 compared to the previous corresponding period:

In thousands of AUD	2008	2007	% Incr/(Decr)
Revenue from license fees	8,774	11,474	(24%)
Revenue from maintenance fees	9,616	8,222	17%
Revenue from other operating activities	1,323	426	211%
Total revenue from ordinary activities	19,713	20,122	(2%)
Total expenses from ordinary activities	16,482	14,732	12%
Profit before tax	3,501	5,614	(38%)
Net profit after income tax	2,890	4,212	(31%)

Directors' Report (continued)

The consolidated entity's revenue for the six months ended 31 December 2008 was \$19.7 million. This represents a 2% decline in revenue against the comparable period last year.

The Company continues to benefit from its investment in research and development activities and the associated tax benefits. These tax benefits assisted the Company to lower its overall income tax rate to 17%.

The first half profit after tax result was \$2.9 million which represents a 31% decrease compared to the same period last year.

However, the Company recorded an improvement in both revenue and profitability over the six months to June 2008. The current reporting period revenue of \$19.7 million is a 14% increase and profit after tax of \$2.9 million represents an 85% improvement.

For the financial year ended 30 June 2008, as detailed in the directors report for that financial year, a final dividend of 1.5 cents per share was paid to the holders of fully paid ordinary shares in September 2008.

Review of Operations

Revenue

Total revenue of \$19.7 million for the period ended 31 December 2008 was comprised of license fees representing 45% and maintenance fees 49% of the total revenue. Other revenue represented 6% of the total, the majority of which is post sales consulting.

New licence sales were \$8.8 million, a decrease of 24% over the comparable period last year. The drop in new licence sales was primarily the result of declining economic conditions although partially offset by a declining Australian dollar. Revenue from maintenance fees of \$9.6 million increased by 17% over the equivalent prior period.

The Company experienced a 200% increase in consulting revenue over the equivalent prior period following renewed focus on service related activities. This result is encouraging with consulting and service support activities a continuing focus for the second half.

Europe achieved a 21% increase in revenue over the equivalent prior period whilst Asia Pacific and the Americas experienced a decline in revenues.

Expenses

Total expenses for the first half period were \$16.5 million which was an overall increase of 12% on the same period last year. Most of this increase was attributable to research and development expenditure. Part of the overall increase was also attributable to the translation of USD related costs at lower currency exchange rates. Staff numbers at 31 December 2008 were 152 compared to 146 at 31 December 2007.

Directors' Report (continued)

The following table represents an analysis of research and development.

In thousands of AUD	2008	2007
Gross research and development spending	5,859	6,299
Capitalisation of development expenses	(3,113)	(4,387)
Amortisation of capitalised expenses	3,112	2,689
Net research and development expenses	5,858	4,601

Cashflow

The company continues to maintain a strong financial position and remains debt free with \$11.2 million cash at bank as at 31 December 2008.

Outlook

Future global economic conditions remain uncertain. The US and European economies are in recession and the depth and length of the recession is difficult to judge. The full extent of this impact on the Company is difficult to predict.

Interim Dividend

The company will pay an unfranked interim dividend of 1.5 cent per share on 9 March 2009 to shareholders registered at the end of trading on Friday 23 February 2009.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 21 and forms part of the directors' report for the half-year ended 31 December 2008.

Rounding off

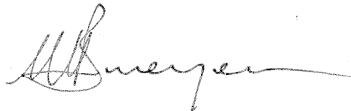
The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated

Dated at North Sydney this 12th day of February 2009.

Signed in accordance with a resolution of the directors:



Steve Killelea
Chairman



Mark Brayan
CEO and Managing Director

Consolidated interim income statement

For the six months ended 31 December 2008

In thousands of AUD

	Note	31 December 2008	31 December 2007
Revenue:			
Revenue from license fees		8,774	11,474
Revenue from maintenance fees		9,616	8,222
Revenue from other operating activities		1,323	426
Total revenue		19,713	20,122
Expenses:			
Research and development expenses		5,858	4,601
Sales and marketing expenses		8,505	8,158
General and administration expenses		2,119	1,973
Total expenses		16,482	14,732
Operating profit before financing income		3,231	5,390
Financing income (interest received)		270	224
Profit before tax		3,501	5,614
Income tax expense		611	1,402
Profit for the period		2,890	4,212
Basic earnings per share attributed to ordinary equity holders	4	1.73¢	2.53¢
Diluted earnings per share attributed to ordinary equity holders	4	1.73¢	2.53¢

The income statement is to be read in conjunction with the accompanying notes to the interim financial statements set out on pages 9 to 17.

Consolidated interim statement of recognised income and expenses

For the six months ended 31 December 2008

In thousands of AUD

	31 December 2008	31 December 2007
Gain on cash flow hedges taken to equity	110	-
Foreign exchange translation differences	326	(120)
Net income/(loss) recognised directly in equity	436	(120)
Profit for the period	2,890	4,212
Total recognised income and expenses for the period	3,326	4,092

Other movements in equity arising from transactions with owners as owners are set out in note 3.

The statement of recognised income and expenses is to be read in conjunction with the accompanying notes to the interim financial statements set out on pages 9 to 17.

Consolidated interim balance sheet

As at 31 December 2008

In thousands of AUD

	Note	31 December 2008	30 June 2008
Current assets			
Cash and cash equivalents		11,175	11,148
Trade and other receivables		14,731	10,157
Other current assets		2,028	1,926
Total current assets		27,934	23,231
Non-current assets			
Other financial assets		1,788	1,765
Property, plant and equipment		2,276	2,405
Deferred tax assets		626	284
Intangible assets		12,617	12,641
Total non-current assets		17,307	17,095
Total assets		45,241	40,326
Current liabilities			
Trade and other payables		2,094	2,448
Employee benefits		1,234	1,139
Deferred revenue		12,377	8,995
Other current liabilities		620	-
Total current liabilities		16,325	12,582
Non-current liabilities			
Deferred tax liabilities		3,308	3,141
Employee benefits		144	130
Provisions		445	384
Other non-current liabilities		366	298
Total non-current liabilities		4,263	3,953
Total liabilities		20,588	16,535
Net assets		24,653	23,791
Equity			
Issued capital		807	794
Reserves		(21)	(482)
Retained profits		23,867	23,479
Total equity attributable to equity holders of the parent	3	24,653	23,791

The balance sheet is to be read in conjunction with the accompanying notes to the interim financial statements set out on pages 9 to 17.

Consolidated interim statement of cash flows

For the six months ended 31 December 2008

In thousands of AUD

	31 December 2008	31 December 2007
Cash flows from operating activities		
Cash receipts from customers	19,507	18,374
Cash paid to suppliers and employees	(17,531)	(17,184)
Cash generated from operations	1,976	1,190
Income taxes paid	(418)	(684)
Net cash from operating activities	1,558	506
Cash flows from investing activities		
Payments for property, plant and equipment	(81)	(147)
Payments for other financial assets	(19)	(47)
Interest received	270	224
Net cash from investing activities	170	30
Cash flows from financing activities		
Proceeds from issuing of shares	13	42
Payment of dividend	(2,502)	(3,326)
Net cash from financing activities	(2,489)	(3,284)
Net (decrease)/increase in cash and cash equivalents	(761)	(2,748)
Cash and cash equivalents at 1 July	11,148	11,704
Effects of exchange rate changes on cash	788	(217)
Cash and cash equivalents at 31 December	11,175	8,739

This statement of cash flows is to be read in conjunction with the accompanying notes to the interim financial statements set out on pages 9 to 17.

Notes to the consolidated interim financial statements

Note 1. Significant accounting policies

Integrated Research Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 31 December 2008 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

The consolidated interim financial report was authorised for issue by the directors on 12 February 2009.

a) Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

b) Basis of Preparation

The financial report is presented in Australian dollars and is prepared on the historical cost basis, with the exception of cash flow hedges, which are at fair value.

The Company is of a kind referred to in ASIC Class Order (CO) 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The preparation of an interim financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity.

Note 1. Significant accounting policies (continued)

b) Basis of preparation (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated interim financial statements and are consistent with the accounting policies adopted and disclosed in the 2008 annual financial report. Where relevant, the accounting policies applied to the comparative period have been disclosed if they differ from the current period policy.

c) Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated interim financial report from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the company's financial statements.

Intragroup balances and any gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

d) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations, are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

e) Derivative financial instruments

The consolidated entity uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational activities. In accordance with its treasury policy, the consolidated entity does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Note 1. Significant accounting policies (continued)

e) Derivative financial instruments (continued)

The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

f) Hedging

On entering into a hedging relationship, the consolidated entity normally designates and documents the hedge relationship and risk management objective and strategy for undertaking the hedge. The documentation included identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

For cash flow hedges, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the income statement.

g) Property, plant and equipment

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses (see accounting policy (k)). The cost of acquired assets includes (i) the initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and (ii) changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is provided on property plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed annually, with the effect of any changes recognised on a prospective basis.

The following useful lives are used in the calculation of depreciation:

- | | |
|---------------------------|--------------|
| a) Plant and equipment | 4 - 8 years |
| b) Leasehold improvements | 6 - 10 years |

h) Intangible assets

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the consolidated entity has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses (see accounting policy (k)).

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life, but no more than three years.

Intellectual property

Intellectual property acquired from third parties is amortised over its estimated useful life.

Computer software

Computer software is stated at cost and depreciation on a straight-line basis over 2½ years.

Note 1. Significant accounting policies (continued)

i) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses. The carrying amount of uncollectible trade receivables is reduced by an impairment loss through the use of an allowance account.

Provision for returns is offset against trade receivables for estimated warranty claims based upon historical experience.

j) Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

k) Impairment

The carrying amounts of the consolidated entity's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the asset has previously been revalued, in which case the impairment losses are recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

l) Employee benefits

Superannuation

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred. There are no defined benefit plans in operation.

Long-term service benefits

The consolidated entity's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the consolidated entity's obligations.

Share-based payment transactions

The share option programme allows the company and the consolidated entity employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Wages, salaries, annual leave, and non-monetary benefits

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as, workers compensation insurance and payroll tax.

Note 1. Significant accounting policies (continued)

m) Provisions

A provision is recognised in the balance sheet when the consolidated entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

n) Trade and other payables

Trade and other payables are stated at their amortised cost.

o) Revenue

The consolidated entity allocates revenue to each element in software arrangements involving multiple elements based on the relative fair value of each element. The typical elements in the multiple element arrangement are licence and maintenance fees. The company's determination of fair value is based on the price charged when the same element is sold separately.

Revenue from the sale of licences, where the consolidated entity has no post delivery obligations to perform is recognised in the income statement at the date of delivery of the licence key.

Revenue from maintenance contracts is recognised rateably over the term of the service agreement, which is typically one year. Maintenance contracts are typically priced based on a percentage of licence fees and have a one year term. Services provided to customers under maintenance contracts include technical support and supply of software updates.

Revenue from multiple element software arrangements, where the fair value of an undelivered element cannot be reliably measured are recognised over the period the undelivered services are provided.

Revenue from consulting services is recognised over the period the services are provided.

No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

p) Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement (see accounting policy 1(f)).

q) Income tax

Income tax on the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

r) Segment reporting

A segment is a distinguishable component of the consolidated entity that is engaged in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Note 1. Significant accounting policies (continued)

s) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), or similar taxes, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable or payable is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable or payable are classified as operating cash flows.

t) Significant accounting adjustments, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of certain assets and liabilities within the next annual reporting period are:

Intangible assets

An intangible asset arising from development expenditure on an internal project is recognised only when the economic entity can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project commencing from the commercial release of the project. The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

Share based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a binomial option pricing model and applying management determined probability factors relating to non-market vesting conditions.

Note 2. Segment reporting

The consolidated entity operates predominantly in the computer software products business segment. Segment information is presented in the consolidated interim financial statements in respect of the consolidated entity's geographic segments, which are the primary basis of segment reporting. The geographic segment reporting format reflects the consolidated entity's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The consolidated entity is managed on a worldwide basis, but operates in the following three geographical segments:

- The Americas. Operating from the United States with responsibility for the countries in North, Central and South America.
- Europe. Operating from the United Kingdom with responsibility for the countries in Europe.
- Asia Pacific. Operating from Australia with responsibility for the countries in the rest of the world, including Head Office revenue and expenses.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Geographic segments

For the six months ended 31 December
In thousands of AUD

	Segment revenue 2008	Segment Result 2008	Segment revenue 2007	Segment Result 2007
Americas	12,369	1,549	12,418	1,786
Europe	3,965	301	3,442	69
Asia Pacific	3,379	1,651	4,262	3,759
Consolidated	19,713	3,501	20,122	5,614
Income tax expenses		611		1,402
Profit for the period		2,890		4,212

All segments are continuing operations.

Note 3. Capital and reserves

Reconciliation of movements in capital and reserves attributed to equity holders in the parent:

For the six months ended 31 December 2008 In thousands of AUD	Share Capital	Hedging reserve	Translation reserve	Employee benefit reserve	Retained earnings	Total
Balance at 1 July 2008	794	-	(991)	509	23,479	23,791
Total recognised income and expense	-	110	326	-	2,890	3,326
Expensed employee options	-	-	-	25	-	25
Shares issued	13	-	-	-	-	13
Dividends to shareholders	-	-	-	-	(2,502)	(2,502)
Balance at 31 December 2008	807	110	(665)	534	23,867	24,653

Share capital

The consolidated entity recorded the following amounts within shareholder's equity as a result of the issuance of ordinary shares.

For the six months ended 31 December In thousands of AUD	Share Capital 2008	2007
Issuance of ordinary shares	13	42

In thousands of shares	Ordinary Shares 2008	2007
On issue at 1 July	166,735	166,203
Issued for cash (under employee share option plan)	57	214
On issue at 31 December – fully paid	166,792	166,417

Dividends

The following dividends were paid by the consolidated entity:

For the six months ended 31 December In thousands of AUD	2008	2007
1.5¢ per qualifying ordinary share (2007: 2.0¢)	2,502	3,326

Note 4. Earnings per share*Basic earnings per share*

The calculation of basic earnings per share for the six months ended 31 December 2008 was based on the profit attributable to ordinary shareholders of \$2,890,000 (six months ended 31 December 2007: \$4,212,000) and a weighted average number of ordinary shares outstanding during the six months ended 31 December 2008 of 166,786,000 (six months ended 31 December 2007: 166,313,000), calculated as follows:

Profit attributable to ordinary shareholders

For the six months ended 31 December In thousands of AUD	2008	2007
Profit for the period	2,890	4,212

Weighted average number of ordinary shares

For the six months ended 31 December In thousands of shares	2008	2007
Issued ordinary shares at 1 July	166,735	166,203
Effect of shares issued in November 2007	-	30
Effect of shares issued in December 2007	-	37
Effect of shares issued in October 2007	-	19
Effect of shares issued in November 2007	-	20
Effect of shares issued in December 2007	-	4
Effect of shares issued in August 2008	30	-
Effect of shares issued in September 2008	21	-
Weighted average number of ordinary shares at 31 December	166,786	166,313

Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 31 December 2008 was based on the above profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding during the six months ended 31 December 2008 of 166,786,000 (six months ended 31 December 2007: 166,666,000), calculated as follows:

Weighted average number of ordinary shares (diluted)

For the six months ended 31 December In thousands of shares	2008	2007
Weighted average number of ordinary shares at 31 December	166,786	166,313
Effect of share options on issue	-	353
Weighted average number of ordinary shares (diluted) at 31 December	166,786	166,666

Note 5. Employee benefits*Share-based payments*

On 4 October 2000, the consolidated entity established a share option programme that entitles employees to purchase shares in the entity. The terms and conditions of the share option programme and grants made during the year ended 30 June 2008 are disclosed in the most recent annual financial report. In accordance with these programmes options are exercisable at the market price of the shares at the date of grant.

The terms and conditions of the grants made and number outstanding at 31 December 2008 are as follows:

- All option vest at the rate of 25% per annum, starting on the first anniversary of the grant date.
- The contractual life of each option is five years from the grant date.
- Exercises are settled by physical delivery of shares

Grants marked (*) include performance hurdles as conditions for vesting.

Grant date	Exercise Price	Number of Instruments Outstanding	Grant date	Exercise Price	Number of Instruments Outstanding
Feb 2004	\$0.26	172,510	Jan 2007 (*)	\$0.50	160,000
May 2004	\$0.33	196,365	Jun 2007	\$0.48	800,000
Jul 2004	\$0.40	258,000	Sep 2007 (*)	\$0.42	1,000,000
Nov 2004 (*)	\$0.57	400,000	Mar 2008 (*)	\$0.38	350,000
Feb 2005	\$0.52	326,500	Mar 2008 (*)	\$0.43	350,000
Apr 2005 (*)	\$0.46	200,000	Apr 2008 (*)	\$0.38	300,000
Sep 2005	\$0.54	460,000	Jul 2008 (*)	\$0.35	200,000
May 2006	\$0.41	607,000	Oct 2008 (*)	\$0.31	340,000
Aug 2006 (*)	\$0.44	170,000			

Note 6. Financial instruments*Hedging of fluctuations in foreign currency*

The consolidated entity is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the AUD. The currencies giving rise to this risk are primarily USD and GBP.

The consolidated entity uses forward exchange contracts to hedge its foreign currency risk. The forward exchange contracts have maturities of less than one year after the balance sheet date. Where necessary, the forward exchange contracts are rolled over at maturity.

Note 7. Subsequent events

On 12 February 2009 the Directors declared an interim dividend of 1.5 cents per share unfranked, payable on 9 March 2009 to shareholders registered at the end of trading on 23 February 2009.

There have been no other events subsequent to the interim balance sheet date, which are expected to have a material effect on the consolidated entity's financial position.

Note 8. Contingencies and capital commitments

At 31 December 2008 the group did not have any material capital commitments and contingent liabilities or assets.

Directors' Declaration

In the opinion of the directors of Integrated Research Limited ("the company"):

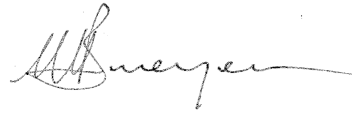
1. the financial statements and notes set out on pages 5 to 17, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2008 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at North Sydney this 12th day of February 2009.

Signed in accordance with a resolution of the directors:



Steve Killelea
Chairman



Mark Brayan
CEO and Managing Director

Independent Auditor's Review Report to the members of Integrated Research Limited

We have reviewed the accompanying half-year financial report of Integrated Research Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, cash flow statement and statement of recognised income and expenses for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising of Integrated Research Limited and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 18.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Integrated Research Limited and its controlled entities' financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Integrated Research Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Integrated Research Limited and its controlled entities is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Michael Kaplan
Partner
Chartered Accountants
Sydney, 12 February 2009

The Board of Directors
Integrated Research Limited
Level 9, 100 Pacific Highway,
NORTH SYDNEY, NSW 2000

12 February 2009

Dear Board Members

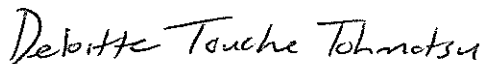
Integrated Research Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Integrated Research Limited.

As lead audit partner for the review of the financial statements of Integrated Research Limited for the financial half-year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Michael Kaplan
Partner
Chartered Accountants