

## MARKET RELEASE

# Integrated Research Limited announces record profit for 2009 financial year

**Sydney, Australia, 13 August 2009** - Integrated Research (ASX:IRI), leading developer and provider of systems and application management solutions for high availability computing environments, today released the following results for the financial year ended 30 June 2009.

The Company is pleased to announce a record net profit after tax of \$7.9 million which is a 36% increase over the previous financial year and is within the upper end of the \$7 million to \$8 million guidance provided to the ASX on 13 July 2009. Total revenue for the Company increased by 14% over the prior year to \$42.7 million. The growth in profit was brought about by strong new licence sales in the IP Telephony products of 47% and HP Nonstop products of 14% inclusive of favourable movements in currency between the Australian dollar and US dollar.

The financial highlights are as follows:

| <b>Financial result highlights (\$'000)</b> | <b>2009</b> | <b>2008</b> | <b>% Inc/(dec)</b> |
|---|-------------|-------------|--------------------|
| Revenue from licence fees                   | 21,723      | 19,623      | 10.7%              |
| Revenue from maintenance fees               | 19,217      | 16,344      | 17.6%              |
| Revenue from consulting and other services  | 1,744       | 1,417       | 23.0%              |
| Total revenue                               | 42,684      | 37,384      | 14.2%              |
| Research & development expenses             | 8,244       | 8,717       | (5.4%)             |
| Sales, consulting & marketing expenses      | 18,932      | 17,114      | 10.6%              |
| General and administrative expenses         | 6,142       | 4,345       | 41.4%              |
| Total expenses                              | 33,318      | 30,176      | 10.4%              |
| Net profit before income tax                | 9,820       | 7,670       | 28.0%              |
| Net profit after income tax                 | 7,863       | 5,776       | 36.1%              |

Sales of our HP NonStop products grew despite what many analysts have described as the toughest economic conditions since the Great Depression. This is attributed to the critical nature of the systems that we manage with expenditure on these systems deemed too important not to be maintained.

Revenue from licence fees grew 11% over the previous corresponding period to \$21.7 million. All regions recorded strong second half growth in both licence fees and total revenue.

Total revenue surpassed the \$40 million level for the first time in the Company's history, underpinned by a solid recurring maintenance revenue stream and a higher focus on the provision of consulting and other services, which grew by 23% over the prior year to \$1.7 million.

The Company managed its expenses well during the year which contributed to margin growth. The increase in general and administrative expenses included a one-off investment in strategic planning with external consultants.

The Company remains committed to developing innovative products through its research and development program. There have been significant improvements to our research and development processes during the course of the year which have resulted in better product quality and improved customer satisfaction. Research and development expenditure of \$8.2 million was 19% of total revenue and in line with historical averages. We expect a comparable rate of investment in research and development in the future.

Steve Killelea, Chairman of Integrated Research said, "The results are very pleasing in light of the global financial crisis and underpin the ability of the company to perform well in tough economic conditions. The company continues to make good gains with its IP Telephony products. Our partnership with Avaya reinforces the unique features of our product and provides a global platform for sales growth. I am also pleased that the company has returned to a position of franking its dividends. It is expected that future dividends will be franked or nearly fully franked."

Mark Brayan, Chief Executive Officer of Integrated Research added, "Our sales to managed service providers were well up on last year and across all product lines. This exploited the growing trend to outsource processing of IP telephony and payments. PROGNOSIS helps service providers manage their operations and service level agreements so we expect this growth to continue."

Integrated Research continues to be in a very strong financial position, with cash at 30 June 2009 of \$14.5 million compared to \$11.1 million in the prior year and remains free of debt. Net cash flow provided by operating activities was \$7.6 million.

Directors have declared a final dividend of 2.5 cents per share partially franked to 5% payable on 18 September 2009, bringing the total dividend for the year to 4.0 cents per share.

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**About Integrated Research**

Integrated Research (ASX:IRI) - the people behind PROGNOSIS - is a publicly listed software company with a 21-year heritage of providing precise performance monitoring solutions for business-critical computing and IP telephony environments. The company services customers in more than 50 countries through direct sales offices in the USA, Europe and Australia, and via a global channel-driven distribution network. Customers include the world's largest bank, telecommunications company, aviation company, stock exchange and computer hardware manufacturer.

For more information, visit [www.prognosis.com](http://www.prognosis.com)

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