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Integrated Research Limited FY2009 1st Half financial results

ABN: 76 003 588 449

February 2009

Investor Presentation



Precise performance monitoring for business-critical systems

Key Highlights

- **Improvement in financial performance against six months to 30 June 2008**
 - New licence revenue up 8%
 - Total revenue up 14%
 - PAT up 85%
 - Currency tailwind providing a benefit (A\$1 = USD0.76 for first half vs USD0.87 in pcp)
- **Research & development providing significant tax benefits**
 - Overall effective tax rate for half lowered to 17%
- **Maintenance revenue providing healthy recurring cashflow to business in a difficult environment**
- **Growth in consulting revenue of 200%+ due to renewed focus**

Financial results: 1st half FY 2009

Improvement in financial performance vs 6 months to 30 June

	Half year ended		
	Dec 2008 A\$000's	Jun 2008 A\$000's	Dec 2007 A\$000's
Licence fees	8,774	8,149	11,474
Maintenance fees	9,616	8,122	8,222
Other	1,323	991	426
Total revenue	19,713	17,262	20,122
R&D expenses - net	5,858	4,116	4,601
SG&A expenses	10,624	11,328	10,131
Interest Income	270	238	224
PBT	3,501	2,056	5,614
PAT	2,890	1,564	4,212

Historical first half trends

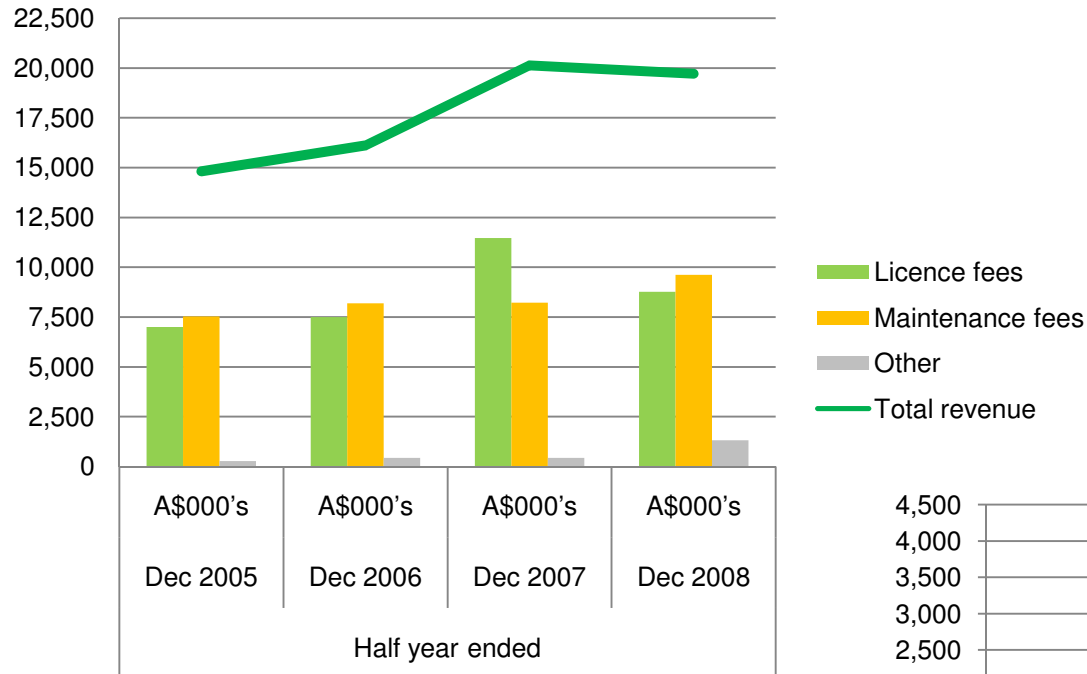
Growth trending up over four years; HY2008 containing a few large deals

	Half year ended			
	Dec 2008 A\$000's	Dec 2007 A\$000's	Dec 2006 A\$000's	Dec 2005 A\$000's
Licence fees	8,774	11,474	7,494	7,008
Maintenance fees	9,616	8,222	8,187	7,535
Other	1,323	426	434	271
Total revenue	19,713	20,122	16,115	14,814
R&D expenses - net	5,858	4,601	3,458	3,803
SG&A expenses	10,624	10,131	10,273	9,215
Interest Income	270	224	243	214
PBT	3,501	5,614	2,627	2,010
PAT	2,890	4,212	1,903	1,631

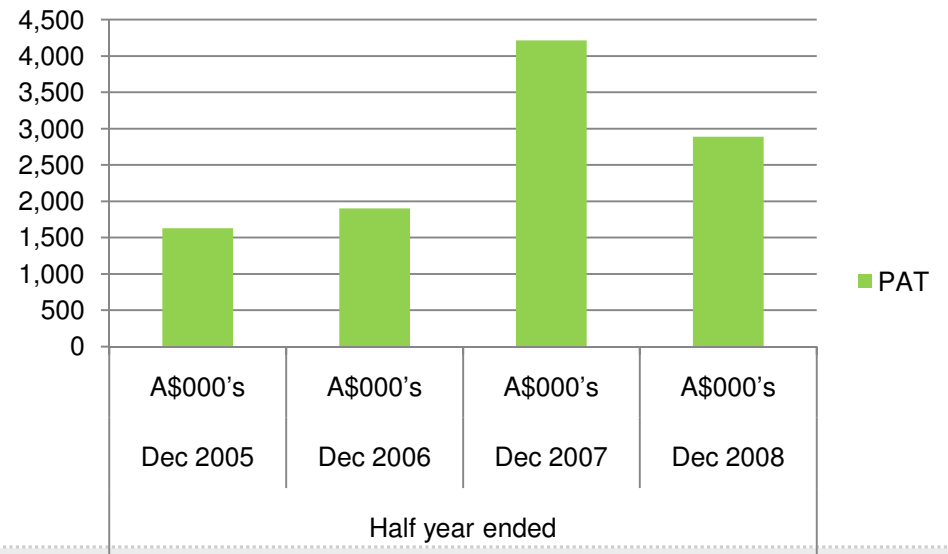
Historical first half trends

A few large deals skewed into Dec 07; currency benefits Dec 08 half

Revenue



Profit after Tax



R&D spending

Gross spending driving tax benefits; capitalisation and amortisation similar for HY09

	31 Dec 2008	31 Dec 2007	% change
	A\$000's	A\$000's	
Gross spending	5,859	6,299	(7%)
Development – Cap.	3,113	4,387	(29%)
Capitalised %	53%	70%	
Amortised	3,112	2,689	16%
Net Expense	5,858	4,601	27%
% of revenue	30%	23%	

Key Balance sheet items

No debt; healthy cash balance derived from strong cashflow

	31 Dec 2008	30 Jun 2008	31 Dec 2007
	A\$000's	A\$000's	A\$000's
Cash at bank	11,175	11,148	8,739
Receivables	14,731	10,157	14,898
Development cap.	12,617	12,641	12,721
Deferred Revenue	12,377	9,293	11,000
Net assets	24,653	23,791	25,024

Gross Revenue (billings) by Segment

<u>By Geographic region:</u>	31 Dec 2008 \$000's	31 Dec 2007 \$000's	% change
Americas (\$US)	9,454	11,482	(18%)
Europe (GBP)	1,617	1,617	0%
Asia Pacific (\$A)	3,586	3,597	(0%)

- A few large deals in FY08 for Asia Pac and America skewed first half results

<u>By Product Line (\$A):</u>			
NonStop	14,449	13,598	6%
IP Telephony	4,600	3,834	20%
Windows / Unix / Linux	1,281	2,795	(54%)

- Non-stop and IPT growing (with currency assistance)
- Large Windows / Unix / Linux deals in FY08 skewed to first half

Looking Ahead

- **Tight cost control in current climate**
- **Focus on client retention and repeat sales**
- **Cost-effective new business development through targeted campaigns. IPT focus**
- **Grow consulting business**