

Appendix 4D

Half year report

Name of entity

INTEGRATED RESEARCH LIMITED		
ABN	Reporting period (year ended)	Previous corresponding period (year ended)
76 003 588 449	31 December 2011	31 December 2010

For announcement to the market

Extracts from this report for announcement to the market

					A\$000
Revenues from ordinary activities	Up	8%	to	22,108	
Profit after tax attributable to members	Up	50%	to	3,561	
Net profit for the period attributable to members	Up	50%	to	3,561	

	Amount per security	Franked amount per security
Dividends (distributions)		
Interim dividend	2.0¢	40%
Previous corresponding period	1.5¢	50%

Record date for determining entitlements to the dividend

27 February 2012

Date the dividend is payable

16 March 2012

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.

	Reporting Period	Previous Corresponding period
NTA backing		
Net tangible asset backing per ordinary security	7.86¢	6.85¢

	Reporting Period	Previous Corresponding period
Dividends \$'000		
40% franked interim dividend of 2.0 cents per share payable on 16 March 2012 (50% franked dividend of 1.5 cent per share paid on 11 March 2011)	3,339	2,502
Total dividends provided for or paid	3,339	2,502

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 2011

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Directors' Report

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2011 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)
Kate Costello	August 2005
John Brown	July 2007
Clyde McConaghy	December 2007
Alan Baxter	June 2009
Peter Lloyd	July 2010
Executive:	
Mark Brayan	September 2007

Principal Activities

The Company's principal activities are the design, development, implementation and sale of systems and applications management computer software for business-critical computing and IP telephony networks.

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 2011 compared to the previous corresponding period:

In thousands of AUD	2011	2010	% Incr/ (Deer)
Revenue from licence fees	12,325	10,581	16
Revenue from maintenance fees	8,258	8,583	(4)
Revenue from consulting	1,525	1,342	14
Total revenue	22,108	20,506	8
Total expenses	17,869	16,833	6
Other gains and losses (currency exchange)	(42)	(1,005)	
Profit before tax	4,475	2,842	57
Net profit after income tax	3,561	2,374	50

The Company achieved a 50% increase in first half profit after tax over the equivalent prior period to \$3.6 million. Total revenue for the first half grew by 8% to \$22.1 million. The growth in revenue and profits was driven by strong sales in the IP Telephony (IPT) product line. With over 95% of revenue derived outside Australia, in constant currency, revenue was up 18% over the prior period.

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 achieve an overall income tax rate of 20% (prior period: 16%).

For the financial year ended 30 June 2011, as detailed in the Directors' Report for that financial year, a final dividend of 2.5 cents per share franked at 75% was paid to the holders of fully paid ordinary shares in September 2011.

Review of Operations

Revenue

The Company experienced strong licence sales growth for both its IP Telephony (IPT) and Payments product lines. In local currency, the US achieved overall revenue growth of 33% whilst Europe and Asia Pacific revenues were relatively flat. Revenue from consulting services was \$1.5 million, representing an increase of 14% over the equivalent prior period.

Expenses

Total expenses were \$17.9 million, up 6% against the six months to December 2010. Overall staff numbers at 31 December 2011 were 182 compared to 164 at 31 December 2010.

The following table represents an analysis of research and development.

In thousands of AUD	2011	2010
Gross research and development spending	4,864	4,286
Capitalisation of development expenses	(3,282)	(2,996)
Amortisation of capitalised expenses	3,241	3,139
Net research and development expenses	4,823	4,429

Statement of Financial Position

The company continues to maintain a strong financial position and remains debt free with \$9.7 million cash at bank as at 31 December 2011.

Outlook

The Company anticipates continuing growth in underlying operational performance but reported financial performance will be influenced by fluctuations in currency exchange rates.

Interim Dividend

Directors have declared an interim dividend of 2.0 cents per share franked to 40% per share, payable on 16 March 2012 to shareholders registered at the end of trading on 27 February 2012.

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

The lead auditor's independence declaration is set out on page 15 and forms part of the Directors' Report for the half-year ended 31 December 2011.

Rounding off

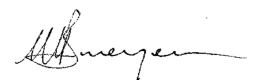
The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated

Dated at North Sydney this 16th day of February 2012.

Signed in accordance with a resolution of the Directors:



Steve Killelea
Chairman



Mark Brayan
Chief Executive Officer

Condensed consolidated statement of Comprehensive Income

For the half-year ended 31 December 2011

In thousands of AUD

	Note	31 December 2011	31 December 2010
Continuing Operations			
<i>Revenue:</i>			
Revenue from licence fees		12,325	10,581
Revenue from maintenance fees		8,258	8,583
Revenue from consulting		1,525	1,342
Total Revenue		22,108	20,506
<i>Expenses:</i>			
Research and Development		(4,823)	(4,429)
Sales, consulting and marketing expenses		(10,958)	(10,415)
General and administration expenses		(2,088)	(1,989)
Total expenses		(17,869)	(16,833)
<i>Other gains and losses</i>			
Currency exchange gains/(losses)		(42)	(1,005)
Earnings before interest and tax		4,197	2,668
Interest income		278	174
Profit before tax		4,475	2,842
Income tax expense		(914)	(468)
Profit for the period		3,561	2,374
Other comprehensive income			
Gain/(loss) on cash flow hedges taken to equity		2	736
Foreign exchange translation differences		101	(478)
Income tax relating to components of other comprehensive income		-	(182)
Other comprehensive income for the period (net of tax)		103	76
Total comprehensive income for the period		3,664	2,450
<i>Profit attributable to:</i>			
Owners of the parent		3,561	2,374
<i>Total comprehensive income attributable to:</i>			
Owners of the parent		3,664	2,450
Earnings per share			
From continuing operations			
Basic earnings per share attributed to ordinary equity holders (AUD cents per share)	3	2.13c	1.42c
Diluted earnings per share attributed to ordinary equity holders (AUD cents per share)	3	2.13c	1.42c

The condensed consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes to the interim financial statements set out on pages 8 to 11.

Condensed consolidated statement of Financial Position

For the half-year ended 31 December 2011

In thousands of AUD

	Note	31 December 2011	30 June 2011
Current assets			
Cash and cash equivalents	5	9,738	11,635
Trade and other receivables		16,015	14,058
Current tax assets		597	715
Other current assets		885	1,129
Total current assets		27,235	27,537
Non-current assets			
Trade and other receivables		1,038	1,018
Other financial assets		1,802	1,800
Property, plant and equipment		2,005	1,875
Deferred tax assets		302	286
Intangible assets		13,762	13,808
Total non-current assets		18,909	18,787
Total assets		46,144	46,324
Current liabilities			
Trade and other payables		3,097	3,365
Provisions		1,616	1,528
Income tax liabilities		354	1,664
Other current liabilities		9,947	8,737
Total current liabilities		15,014	15,294
Non-current liabilities			
Deferred tax liabilities		3,094	2,605
Provisions		605	528
Deferred revenue		550	540
Total non-current liabilities		4,249	3,673
Total liabilities		19,263	18,967
Net assets		26,881	27,357
Equity			
Issued capital		853	845
Reserves		(1,384)	(1,495)
Retained profits		27,412	28,007
Total equity attributable to equity holders of the parent		26,881	27,357

The condensed consolidated statement of financial position is to be read in conjunction with the accompanying notes to the interim financial statements set out on pages 8 to 11.

Condensed consolidated statement of Changes in Equity

For the half-year ended 31 December 2011
In thousands of AUD

	Share Capital	Hedging Reserve	Translation Reserve	Employee benefits Reserve	Retained Earnings	Total
Balance as at 1 July 2011	845	147	(1,908)	266	28,007	27,357
Profit for the period					3,561	3,561
Other comprehensive income		2	101			103
Total comprehensive income for the period	-	2	101	-	3,561	3,664
Shares issued	8			(2)		6
Recognition of share based payments				26		26
Lapsed employee options				(16)	16	-
Payment of dividends					(4,172)	(4,172)
Balance at 31 December 2011	853	149	(1,807)	274	27,412	26,881

	Share Capital	Hedging Reserve	Translation Reserve	Employee benefits Reserve	Retained Earnings	Total
Balance as at 1 July 2010	835	(98)	(1,306)	544	24,527	24,502
Profit for the period					2,374	2,374
Other comprehensive income		554	(478)			76
Total comprehensive income for the period	-	554	(478)	-	2,374	2,450
Shares issued	4			(1)		3
Recognition of share based payments				(53)		(53)
Lapsed employee options				(106)	106	-
Payment of dividends					(1,668)	(1,668)
Balance at 31 December 2010	839	456	(1,784)	384	25,339	25,234

The condensed consolidated statement of changes in equity is to be read in conjunction with the accompanying notes to the interim financial statements set out on pages 8 to 11.

Condensed consolidated statement of Cash Flows

For the half-year ended 31 December 2011

In thousands of AUD

	Note	31 December 2011	31 December 2010
Cash flows from operating activities			
Cash receipts from customers		21,352	20,881
Cash paid to suppliers and employees		(14,007)	(14,122)
Cash generated from operations		7,345	6,759
Income taxes paid		(1,528)	(1,047)
Net cash from operating activities		5,817	5,712
Cash flows from investing activities			
Payments for capitalised development		(3,282)	(2,996)
Payments for property, plant and equipment		(404)	(88)
Payments for intangible assets		(123)	(83)
Interest received		278	174
Net cash from investing activities		(3,531)	(2,993)
Cash flows from financing activities			
Proceeds from issuing of shares		6	3
Payment of dividend		(4,172)	(1,668)
Net cash from financing activities		(4,166)	(1,665)
Net increase/(decrease) in cash and cash equivalents		(1,880)	1,054
Cash and cash equivalents at 1 July		11,635	8,396
Effects of exchange rate changes on cash		(17)	(790)
Cash and cash equivalents at 31 December		9,738	8,660

This condensed consolidated statement of cash flows is to be read in conjunction with the accompanying notes to the interim financial statements set out on pages 8 to 11.

Notes to the condensed consolidated financial statements

Note 1. Significant accounting policies

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 condensed financial report is presented in Australian dollars and is prepared on the historical cost basis, with the exception of financial instruments for the purposes of cash flow hedges, which are at fair value. All amounts are presented in Australian dollars unless otherwise stated.

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2011 annual financial report for the financial year ended 30 June 2011. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Note 2. Segment information

The information reported to the CODM (being the Chief Executive Officer) for the purposes of resource allocation and assessment of performance is focused on geographical performance. The principal geographical regions are 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 and Corporate Australia - includes revenue and expenses for corporate head office and development functions of the company.

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

Segment profit represents the profit earned by each segment without allocation of central administration costs and Directors' salaries, investment revenue and finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Note 2. Segment Information (continued)

For the half-year ended 31 December 2011

In thousands of AUD

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review.

	Americas 2011	Americas 2010	Europe 2011	Europe 2010	Asia Pacific 2011	Asia Pacific 2010	Corporate Australia*	Corporate Australia*	Eliminations 2011	Eliminations 2010	Consolidated 2011	Consolidated 2010
Continuing operations												
Sales to customers outside the consolidated entity	14,726	12,418	3,241	3,625	3,609	3,787	532	676		-	22,108	20,506
Inter-segment revenue	-	-	-	-	-	-	12,126	10,005	(12,126)	(10,005)	-	-
Total segment revenue	14,726	12,418	3,241	3,625	3,609	3,787	12,658	10,681	(12,126)	(10,005)	22,108	20,506
Segment results	368	310	75	90	90	95	3,664	2,173	-	-	4,197	2,668
Financing income (interest received)											278	174
Income tax expense											(914)	(468)
Profit for the half year											3,561	2,374

	Americas (USD)		Europe (UK Sterling)	
In thousands of local currency**	2011	2010	2011	2010
Sales to customers outside the consolidated entity	15,408	11,550	2,117	2,186
Inter-segment sales	-	-	-	-
Total segment revenue	15,408	11,550	2,117	2,186
Segment results	385	289	49	55

*Corporate Australia includes both the research and development and corporate head office functions of the Company.

**Segment results represented in local currencies as reviewed by the Chief Operating Decision Maker.

Note 3. Earnings per Share

For the half-year ended 31 December 2011
In thousands of AUD

Basic earnings per share

The calculation of basic earnings per share for the six months ended 31 December 2011 was based on the profit attributable to ordinary shareholders of \$3,561,000 (six months ended 31 December 2010: \$2,374,000) and a weighted average number of ordinary shares outstanding during the six months ended 31 December 2011 of 166,860,089 (six months ended 31 December 2010 of 166,817,430).

Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 31 December 2011 was based on the profit attributable to ordinary shareholders of \$3,561,000 (six months ended 31 December 2010: \$2,374,000) and a weighted average number of ordinary shares outstanding during the six months ended 31 December 2011 of 167,372,045 (six months ended 31 December 2010: 167,192,221).

Note 4. Employee Equity benefits*Share option plan – October 2000*

On 4 October 2000, the consolidated entity established a share option plan that entitles employees to purchase shares in the entity. The terms and conditions of the share option plan and grants made during the year ended 30 June 2011 are disclosed in the most recent annual financial report. In accordance with this plan 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 2011 are as follows:

- All options 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.

The following options were outstanding as at 31 December 2011.

Grant Date	Exercise Price	Number of Options	Grant Date	Exercise Price	Number of Options
Jan 2007 (*)	\$0.50	160,000	Jul 2008 (*)	\$0.35	200,000
Jun 2007	\$0.48	495,000	Oct 2008 (*)	\$0.31	340,000
Sep 2007 (*)	\$0.42	1,000,000	May 2009	\$0.28	1,075,000
Mar 2008 (*)	\$0.38	350,000			

During the half-year reporting period, the company issued 22,500 ordinary shares for \$6,300 on exercise of 22,500 share options issued under its October 2000 share option plan. There were no other movements in the ordinary share capital or other issued share capital of the company in the current or prior half-year reporting period relating to this plan.

The share option plan remains open until expiring of options granted under this plan.

Performance Rights and options Plan – November 2011

On 21 November 2011, the consolidated entity established a new performance rights and options plan. The plan enables the Company to offer performance rights to eligible employees to obtain shares in Integrated Research at no cost contingent upon performance conditions being met. The performance conditions for non-executive employees includes a service period and performance components. The performance conditions for executives includes a service period and profit after tax components. The performance rights are automatically exercised into shares upon the performance conditions being met. The following performance rights were granted during the period:

Grant Date	Type	Number of Rights	Expiry date
December 2011	Non Executive	887,500	15 Nov 2014
December 2011	Executive	665,000	30 Sep 2014

Note 5. Cash and cash equivalents

For the half-year ended 31 December 2011

In thousands of AUD

	31 December 2011	30 June 2011
Cash at bank and on hand	9,738	11,635

Note 6. Subsequent events

Internal Revenue Service (IRS) tax audit closure

Integrated Research Inc (the group's USA based subsidiary) had undergone a tax audit by the United States Internal Revenue Service (IRS) concerning its withholding tax obligations. The audit covered the financial years ending 30 June 2007, 30 June 2008 and 30 June 2009.

On 14 February 2012, Integrated Research Inc received notification from the IRS Appeals Office that there is no additional tax payable for those years and that no further action is required.

Dividend

On 16 February 2012 the Directors declared an interim dividend of 2.0 cents per share franked to 40%, payable on 16 March 2012 to shareholders registered at the end of trading on 27 February 2012.

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.

Directors' Declaration

The directors declare that:

- (a) In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) In the Directors' opinion the attached financial statements and noted thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

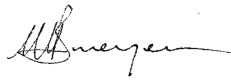
Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

Dated at North Sydney this 16th day of February 2012.

On behalf of the Directors



Steve Killelea
Chairman



Mark Brayan
Chief Executive Officer

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 condensed consolidated statement of financial position as at 31 December 2011, and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company 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 4 to 12.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 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.

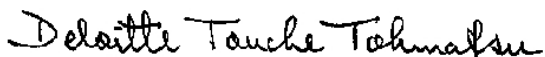
Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Integrated Research Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 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 2011 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



Weng W Ching
Partner
Chartered Accountants
Sydney, 16 February 2012

The Board of Directors
Integrated Research Limited
Level 9, 100 Pacific Highway
NORTH SYDNEY NSW 2060

16 February 2012

Dear Board Members

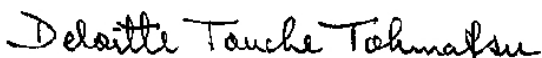
Integrated Research Limited

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 2011, 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



Weng W Ching
Partner
Chartered Accountants