Announcement to the ASX

iSOFT

iSOFT announces H1 FY10 results

Sydney – Tuesday, 16 February 2010 – iSOFT Group Limited (ASX: ISF) – Australia's largest listed health information technology company today announced its half-year result for the six months ended 31 December 2009.

H1 THEMES

- Revenue of $237 million and EBITDA of $40.8 million impacted by:
  - Currency translation effect of $34m on Revenue, and $12m on EBITDA
  - $11m Revenue and EBITDA effect from phasing of recognition of NPfIT milestones in H1 09 versus H1 10
  - Allocation impact of A$ corporate costs
- All segments met or exceeded local currency budget, except ANZ and AMEA
- Overall growth in backlog, 48% increase in backlog excl. NPfIT
- Significant growth in global health IT spending, boosted by US$34 billion US stimulus package
- Renegotiated CSC contract improved revenue visibility

"Each of the main segments performed as expected or better in local currency, demonstrating the underlying strength of the global health IT industry," said Executive Chairman & CEO, Gary Cohen. "As we previously flagged to the market, the higher Australian dollar had the biggest impact on our first-half result. Notwithstanding the currency effect, we are seeing growth in our core businesses, we are meeting important milestones in the rollout of our Lorenzo solution in the UK, and we are continuing to invest in world-class solutions as significant opportunities emerge in important markets such as the US, Europe and Latin America."

	H1 10 $m	H1 09 Constant currencies $m	% change	H1 09 Actual currencies $m	% change
Sales Revenue	237.3	240.8	-1%	274.5	-14%
EBITDA	40.8	55.9	-27%	67.5	-40%
EBIT	16.5	33.0	-50%	41.9	-61%
Underlying NPAT *	18.0	19.8	-9%	24.9	-28%
NPAT	4.8	6.6	-27%	10.3	-53%
Basic earnings per share in cents	0.56	0.73	-23%	1.16	-52%
Underlying basic earnings per share	1.92	2.44	-21%	3.07	-37%
Cash at end of period	61.6	37.7	63%	44.1	40%
Net cash from operating activities **	(12.1)	(10.1)	-20%	(7.1)	-70%
Days sales outstanding (DSO)	52.4	60.2	-13%	63.2	-17%

* Underlying NPAT is NPAT excluding amortisation of intangibles on acquisition only (non cash), net of tax
** '09 includes one-off outflows for i7 contract and ESA totaling $25m

OPERATIONAL PERFORMANCE

iSOFT's core business, which excludes the NPfIT contract, generated about 80% of Group revenue in the half. The UK and Ireland business, excluding NPfIT, grew 11% year on year, and the non-NPfIT backlog climbed 48% compared with a year earlier.

In the NPfIT, release 1.0 of iSOFT's Lorenzo Regional Care solution is successfully operating in seven NHS Trusts in England. In the first half iSOFT successfully implemented, with our partner CSC, release 1.9 of Lorenzo Regional Care at Bury NHS. Release 1.9 is on track to be implemented in a major hospital setting at Morecambe Bay by the end of March.

In December iSOFT negotiated a new two-year agreement with CSC that provides greater revenue visibility going forward. Although the new agreement will see some drop in revenue, we anticipate that this will be offset by more profitable opportunities to sell product to CSC as well as direct to the NHS Trusts.

Markets in Australia, the Middle East, Africa and Asia, which represent about 17% of Group revenue, felt the effects of a slowdown in public sector IT spending amid the Global Financial Crisis. There are encouraging signs of a recovery in some of these markets, particularly in Australia where the government is making progress on its agenda of healthcare reform, including a commitment to e-Health. iSOFT's businesses in Europe, China and Latin America are expected to grow amid above-market spending on health IT.

iSOFT entered the important US market in the first half with the acquisition of Boston-based technology company BridgeForward. The US Government's stimulus package is reshaping the healthcare IT landscape with a US$34 billion investment in healthcare technology. iSOFT will continue to invest in existing and new solutions that have a role to play as this market undergoes an unprecedented transformation.

OUTLOOK

At constant currencies, iSOFT's FY09 Revenue would be $470 million and EBITDA would be $113 million. In FY10, iSOFT expects overall revenue growth of between 6-10% (on a constant currency basis), an EBITDA margin of 21-23%, and a split of 1/3 versus 2/3 in EBITDA between H1 FY10 and H2 FY10. Operating cash flow in the second half is expected to be significantly positive as per FY09. A dividend is anticipated for FY10.

RESULTS DETAILS

iSOFT invites you to its results presentation to be held today at 10:30 AEDT at its Sydney office.

A live webcast can also be accessed at: _www.brr.com.au/event/63769?popup=true. The webcast will be available on iSOFT's website. A teleconference facility will also be available.

Teleconference instructions for participants:

Access Number: 02 8212 8410
Toll Free Number: 1800 153 721
Participant Pin Code: 177102#

Step 1: Participants dial the Event access number.

Step 2: At the prompt, participants will hear the Q&A instructions.

Step 3: Participants will be placed on hold until the Event begins.

The presentation details are as follows:

- 1H FY10 Half-Year Results
- Presented by Gary Cohen, Executive Chairman & CEO; Martin Deda, Group Finance Director
- Tuesday, 16 February 2010; 10:30 AM AEST
- iSOFT
  Darling Park
  Tower 2
  Level 27
  201 Sussex Street
  Sydney

End of release

For further information contact:

Gary Cohen
Executive Chairman & CEO
iSOFT Group Limited
t: +61 2 8251 6700
e: gary.cohen@isofthealth.com

Stuart Kelly
Director Corporate Affairs
iSOFT Group Limited
t: +61 2 8251 6769
m: +61 404 082 361
e: stuart.kelly@isofthealth.com

About iSOFT Group

iSOFT Group Limited (ASX: ISF) is the largest health information technology company listed on the Australian Securities Exchange, and among the world's biggest providers of advanced application solutions in modern healthcare economies.

iSOFT works with healthcare professionals to design and build software applications that answer all of the difficult questions posed by today's healthcare delivery challenges. Our solutions act as a catalyst for change, supporting free exchange of critical information across diverse care settings and participating organisations.

Today, more than 13,000 provider organisations in about 40 countries use iSOFT's solutions to manage patient information and drive improvements in their core processes. The Group's sustainable development is delivered through careful planning, in-depth analysis of the market, and anticipation of our clients' evolving requirements. Our business is driven by the collective talent, experience and commitment of more than 4,700 specialists worldwide, including more than 2,300 technology and development professionals.

A global network of iSOFT subsidiaries, supported by an extensive partner network, provides substantial experience of national healthcare markets. As a result, we offer our clients comprehensive knowledge of local market requirements in terms of culture, language, working practices, regulation and organizational structure.

www.isofthealth.com

Appendix 4D

Half yearly Report

Name of Entity	iSOFT GROUP LIMITED
ABN	66 063 539 702
Financial Period Ended	31 December 2009
Previous Corresponding Reporting Period	31 December 2008

Results for Announcement to the Market

	Half year ended 31 December 2009 ($'000)	**Half year ended 31 December 2008 ($'000)**	**Percentage increase/(decrease) over previous corresponding period**
Revenue from ordinary activities	239,286	275,381	-13.1%
Net profit after tax for the period	4,822	10,345	-53.3%
Net profit for the period attributable to members	5,253	9,418	-44.2%
EBITDA	40,782	67,488	-39.5%
Dividends (distributions)	Amount per security		Franked amount per security
Final Dividend	-		-
Interim Dividend	-		-
Previous corresponding period	-		-
Record date for determining entitlements to the dividends (if any)	Not applicable		

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

Refer to attached Interim Financial Report and separate ASX announcement on the results presentation.

Dividends

Date the dividend is payable	Not applicable
Record date to determine entitlement to the dividend	Not applicable
Amount per security (cent)	Not applicable
Total dividend ($'000)	Not applicable
Amount per security of foreign sourced dividend or distribution	Not applicable
Details of any dividend reinvestment plans in operation	Not applicable
The last date for receipt of an election notice for participation in any dividend reinvestment plans	Not applicable

NTA Backing

	Current Period 31 December 2009	**Previous corresponding period 31 December 2008**
Net tangible asset backing per ordinary security	(0.23) cents	(0.35) cents
Net assets per ordinary security	0.67 cents	0.94 cents

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	Not applicable
Date control gained	Not applicable
Consolidated profit from ordinary activities since the date in the current period on which control was acquired, before amortization and inter company charges	Not applicable
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	Not applicable

Loss of Control Over Entities Having Material Effect

Name of entity (or group of entities)	Not applicable
Date control lost	Not applicable
Consolidated profit / (loss) from ordinary activities for the current period to the date of loss of control	Not applicable
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding period	Not applicable

Details of Associates and Joint Venture Entities

Name of Entity	**Percentage Held**		**Share of Net Loss**	
	Current Period %	**Previous Period %**	**Current Period $'000**	**Previous Period $'000**
Aggregate Share of Net Loss			-	-

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	✓
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification: Not applicable			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification: Not applicable			

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	**ASX Announcement**
2	**Interim Financial Report**

Signed By (Director/Company Secretary)	
Print Name	Gary Cohen
Date	16 February 2010

Financial report FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Contents

General information

This interim financial report covers the consolidated financial statements of the Consolidated Entity consisting of iSOFT Group Limited, its subsidiaries and interests in associates and jointly controlled entities for the half year ended 31 December 2009. The financial report is presented in Australian dollars.

iSOFT Group Limited is an ASX listed public company (ASX code: ISF) limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Darling Park, Tower 2
Level 27
201 Sussex Street
Sydney NSW 2000

A description of the nature of the Consolidated Entity's operations and its principal activities is included in the Directors' Report on page 2, which does not form part of this interim financial report.

The financial report was authorised for issue by the Directors on 16 February 2010. The Directors have the power to amend and reissue the interim financial report.

Through the use of internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Investor Relations centre on our website: www.isofthealth.com.

Directors' report FOR THE HALF YEAR ENDED 31 DECEMBER 2009

The Directors present their interim financial report of the Consolidated Entity, comprising iSOFT Group Limited ("the Company" or "iSOFT") and its controlled entities (together "the Consolidated Entity" or "the Group") and jointly controlled entities for the half year ended 31 December 2009 and the auditor's review report thereon.

Directors
The Directors of the Company at any time during or since the end of the half year are:

Gary Cohen	Executive Chairman and Chief Executive Officer
James Fox	Independent, Non-executive Director, appointed on 6 July 2009
Stephen Garrington	Director, Group Business Development and Strategy
Claire Jackson	Independent, Non-executive Director
Robert Moran	Non-executive Director
Anthony Sherlock	Independent, Non-executive Director
Ian Tsicalas	Non-executive Director
Peter Wise	Independent, Non-executive Director

Alternate Director

Lachlan MacGregor	Non-Executive Director, alternate Director to Robert Moran and Ian Tsicalas

Principal Activities
The principal activity of the Consolidated Entity during the course of the current and prior periods was the development and licensing of computer software and the supply of services to the health industry. There were no significant changes in the nature of the Consolidated Entity's principal activities during the financial period.

Operating and Financial Review
The operating profit after tax for the half year was $4,822,000 (31 December 2008: $10,345,000). Further details of the operations for the Consolidated Entity during the half year are set out in the attached ASX announcement.

Dividends
During the reporting period, the Directors paid a final dividend for the year ended 30 June 2009 of 1 cent per share unfranked. No dividend has been declared for the half year ended 31 December 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 3 and forms part of the Directors' Report for the half year ended 31 December 2009.

Rounding-off
The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information is presented in Australian Dollars in the interim financial report and Directors' Report and has been rounded to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.

....	....
Gary Cohen	Anthony Sherlock
Director	Director

Dated at Sydney, 16 February 2010

Chartered Accountants
& Business Advisers

Auditor's Independence Declaration

As lead auditor for the review of iSOFT Group Limited for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of iSOFT Group Limited and the entities it controlled during the half year.

PKF

Bruce Gordon
Partner

Dated this 16 day of February 2010

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia
DX 10173 | Sydney Stock Exchange | New South Wales

Consolidated income statement FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Notes	Half year to 31 Dec 2009 $'000	Half year to 31 Dec 2008 $'000
Sales revenue		237,259	274,540
Other revenue		2,027	841
Revenue	4	239,286	275,381
		-	
Expenses excluding finance costs, depreciation, amortisation and impairment	5	(198,504)	(207,893)
		-	
EBITDA	**7**	**40,782**	**67,488**
		-	
Depreciation		(3,297)	(4,481)
Amortisation of intangible assets	11	(20,964)	(21,090)
Finance costs	6	(12,886)	(26,628)
Earnings before income tax expense		**3,635**	**15,289**
Income tax credit/(expense)		1,187	(4,944)
Profit for the period		**4,822**	**10,345**
Attributable to:			
Equity holders of the parent entity		5,253	9,418
Minority interest		(431)	927
Profit for the period		**4,822**	**10,345**
		Cents	Cents
Basic earnings per share attributable to ordinary equity holders		0.56	1.16
Diluted earnings per share attributable to ordinary equity holders		0.55	1.16

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Notes	Half year to 31 Dec 2009 $'000	Half year to 31 Dec 2008 $'000
Profit for the period		**4,822**	**10,345**
Other comprehensive income/(expense):			
Changes in the fair value of cash flow hedges, net of tax	17	198	1,020
Defined benefit plan actuarial gains/(losses), net of tax	15, 17	(3,325)	2,502
Irrecoverable element of minimum funding requirement, net of tax	15, 17	2,865	(2,858)
Share based payments	17	1,018	676
Foreign currency translation differences, net of tax	17	(60,652)	110,506
Total other comprehensive income/(expense) for the period		(59,896)	111,846
Total comprehensive income/(expense) for the period		**(55,074)**	**122,191**
Total comprehensive income/(expense) for the period is attributable to:			
Equity holders of the parent entity		(54,643)	121,264
Minority interest		(431)	927
Total comprehensive income/(expense) for the period		**(55,074)**	**122,191**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Notes	As at 31 Dec 2009 $'000	As at 30 Jun 2009 $'000
Current assets			
Cash and cash equivalents	8	61,589	85,737
Trade and other receivables	9	69,489	73,884
Inventories		389	192
Income tax receivable		258	2,007
Accrued revenue		74,669	73,220
Other current assets	10	14,113	15,019
Total Current Assets		**220,507**	**250,059**
Non-Current Assets			
Property, plant and equipment		23,296	24,461
Intangible assets	11	846,132	920,484
Deferred tax assets		85,933	92,370
Accrued revenue		20,729	13,815
Total Non-Current Assets		**976,090**	**1,051,130**
Total Assets		**1,196,597**	**1,301,189**
Current Liabilities			
Trade and other payables	12	89,983	112,060
Borrowings	13	35,634	55,788
Income tax liabilities		4,112	2,028
Provisions		284	1,615
Deferred income		46,755	67,898
Total Current Liabilities		**176,768**	**239,389**
Non-Current Liabilities			
Trade and other payables		10,269	6,700
Borrowings	14	199,354	186,382
Deferred tax liabilities		95,958	99,894
Provisions		748	831
Retirement benefit obligations	15	25,049	29,123
Total Non-Current Liabilties		**331,378**	**322,930**
Total Liabilities		**508,146**	**562,319**
Net Assets		**688,451**	**738,870**
Equity			
Contributed equity	16	747,472	728,960
Reserves	17	(67,633)	(4,478)
Retained earnings	17	9,048	14,393
Total equity attributable to equity holders of the parent entity		688,887	738,875
Minority interest	17	(436)	(5)
Total Equity		**688,451**	**738,870**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Notes	Half year to 31 Dec 2009 $'000	Half year to 31 Dec 2008 (Restated) $'000
Total equity at the beginning of the period		**738,870**	**575,515**
Total comprehensive income for the period		(55,074)	122,191
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity	17	18,864	6,557
Cost of raising capital	17	(352)	-
Dividends - ordinary shares	17, 19	(10,138)	-
Dividends - convertible notes	17, 19	(460)	-
Other equity movements:			
Net issue of treasury shares	17	(3,259)	(3,238)
Warrants issued	17	-	821
Total equity at the end of the period		**688,451**	**701,846**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Notes	Half year to 31 Dec 2009 $'000	Half year to 31 Dec 2008 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		229,686	256,448
Payments to suppliers and employees (inclusive of GST)		(238,935)	(258,725)
Interest received		954	515
Income tax paid		(3,771)	(5,325)
Net cash from operating activities		**(12,066)**	**(7,087)**
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		(4,933)	(3,527)
Payment for acquisition of business entity, net of cash		(4,973)	(2,644)
Payment for development expenditure		(12,981)	(5,857)
Payment for deferred consideration		-	(188)
Proceeds from sales of property, plant and equipment		413	-
Net cash from investing activities		**(22,474)**	**(12,216)**
Cash flows from financing activities			
Proceeds from issue of shares		12,343	-
Share issue costs		(365)	-
Proceeds from borrowings		27,529	28,092
Debt establishment fees		(3,750)	-
Finance costs paid		(6,076)	(14,082)
Repayment of contract funding and other funding		(4,371)	(7,417)
Finance lease principal repayments		(163)	(429)
Dividends paid - ordinary shares		(8,520)	-
Dividends paid - convertible notes		(460)	-
Net cash from financing activities		**16,167**	**6,164**
Net decrease in cash and cash equivalents		(18,373)	(13,139)
Cash and cash equivalents held at the beginning of the period	8	85,737	54,218
Effect of exchange rate changes on cash and cash equivalents		(5,775)	3,040
Cash and cash equivalents held at 31 December	**8**	**61,589**	**44,119**

The above consolidated statement of cash flows should be read in conjunction with the accompanying note

Contents

Notes to the consolidated financial statements

Note 1. Summary of significant accounting policies

(a) Basis of preparation

(i) Statement of compliance
This interim financial report is a general purpose financial report for the half year ended 31 December 2009 which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting.*

This interim financial report comprises the consolidated financial statements of iSOFT Group Limited, its subsidiaries (together referred to as the "Consolidated Entity" or "Group") and interests in jointly controlled entities for the half year ended 31 December 2009.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by the Consolidated Entity during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The principal accounting policies adopted in the preparation of the interim financial report are the same as applied by the Consolidated Entity in its 30 June 2009 consolidated financial report and corresponding interim report. These policies have been consistently applied by the Consolidated Entity to all the periods presented, unless otherwise stated. Certain comparatives have been restated for consistency in presentation at 31 December 2009.

(ii) Rounding of amounts
The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian Dollars in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(iii) Adoption of new Standards and Interpretations, reclassifications and corrections of errors
The Consolidated Entity and the Company have applied the pronouncements to the comparatives in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and reference is made to the financial report for the year ended 30 June 2009. The following items have resulted in restated comparative period closing equity in the consolidated statement of changes in equity as a result of the application of this standard:

Consolidated Statement of Financial Position (extract)	**31 December 2008**	**Increase/ (Decrease)**	**31 December 2008 (Restated)**
	$'000	**$'000**	**$'000**
Other current assets	35,090	(15,166)	19,924
Other assets	1,386,708	-	1,386,708
Total assets	**1,421,798**	**(15,166)**	**1,406,632**
Retirement benefit obligation	23,466	5,610	29,076
Borrowings - non-currrent	250,181	(3,916)	246,265
Deferred tax liabilities	103,933	(205)	103,728
Other liabilities	325,717	-	325,717
Total liabilities	**703,297**	**1,489**	**704,786**
Net assets	**718,501**	**(16,655)**	**701,846**
Contributed equity	608,885	-	608,885
Reserves	117,509	(14,550)	102,959
Retained earnings	(9,170)	(2,105)	(11,275)
Minority interest	1,277	-	1,277
Total equity	**718,501**	**(16,655)**	**701,846**

Notes to the consolidated financial statements CONTINUED

The Consolidated Entity has made an adjustment following the adoption of IFRIC 14 as follows:
IFRIC 14, *AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. This interpretation sets out when refunds or reductions in future contributions to a defined benefit scheme should be regarded as available in accordance with AASB 119 *Employee Benefits*, how a minimum funding requirement might affect the availability of reductions in future contributions and when a minimum funding requirement might give rise to a liability. The Consolidated Entity has adopted IFRIC 14 with effect from 1 July 2008 and comparative information has been restated accordingly. This has resulted in the recognition of an additional liability for the irrecoverable element of minimum funding requirements to the SMS Staff Benefits Plan at 31 December 2008 and 30 June 2009. The liability was derecognised in December 2009 (refer Note 15). In accordance with the Consolidated Entity's accounting policy for defined benefit plans under AASB 119, the movement in the irrecoverable element of the minimum funding requirement is taken directly to the consolidated statement of comprehensive income.

The net pension liability of $23.5 million at 31 December 2008 has been restated with an increase in liability of $5.6 million. The corresponding loss recognised in the consolidated statement of comprehensive income in the period to 31 December 2008 is $2.8 million.

The Consolidated Entity has restated comparative period closing equity in the consolidated statement of changes in equity by $15.2 million for a deduction of 21.2 million treasury shares that are held by an employee benefit trust which has been retrospectively consolidated as the substance of the relationship is that the trust is controlled by the Consolidated Entity. Consequently, basic earnings per share for the comparative period have been restated to exclude treasury shares.

The Consolidated Entity has restated comparative period closing equity in the consolidated statement of changes in equity by $2.1 million in relation to an error with regard to accounting for jointly controlled entities.

The Consolidated Entity has restated comparative period closing equity in the consolidated statement of changes in equity by $2.5 million for a reclassification between the liability and equity components of convertible notes as well as restatement of related deferred tax liabilities.

The Consolidated Entity has made reclassifications in prior period comparatives in order to align with the presentation in this financial report. In particular, in the Consolidated statement of cash flows the Consolidated Entity has reclassified software development capitalisation from operating activities to investing activities.

Note 2. Critical accounting estimates and judgments

The preparation of a financial report in conformity with Australian Accounting Standards requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors, including expectations of future events that may have a financial impact on the Consolidated Entity and that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In preparing this consolidated financial report of the Consolidated Entity, the significant judgments made by Management in applying accounting policies were the same as those that applied to the financial report for the comparative period.

The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Should the projected turnover figures differ significantly from the budgeted figures incorporated in the value in use calculations then an impairment loss would be recognised, up to the maximum carrying value of goodwill and intangibles at 31 December 2009.

Accrued revenue represents earned revenue which has been calculated on a percentage of completion basis and which has not yet been invoiced. The calculation of revenue recognised on a percentage of completion basis over the period of installation, implementation and provision of services requires accurate forecasts of costs to completion which are generally difficult to ascertain and are therefore subject to judgement.

Notes to the consolidated financial statements CONTINUED

The Consolidated Entity's largest customer contract is with Computer Sciences Corporation (CSC) in relation to the deployment of the National Programme for IT (NpfIT) for the National Health Service (NHS) in England. The contract with CSC consists of a product development contract with additional development services, implementation and maintenance services. Revenue for product development is booked as earned and on a percentage of completion basis, as licence revenue. Revenue for additional development services and implementation is booked as earned and maintenance services will be booked on a straight line basis over the life of the maintenance and support component of the contract. The CSC Contract contributed approximately 20.7% (31 December 2008: 26.3%) to the Consolidated Entity's total revenue in the 6 month period to 31 December 2009. The CSC Contract is primarily a time and materials contract with a set of arrangements regarding the timing and delivery of Lorenzo modules. The revenue recognised is based on estimation of future cost to expected completion and inflation rates have been assumed for the relevant period. If CSC were to terminate the CSC Contract for failure of the Consolidated Entity to meet material obligations under the CSC Contract or if there were material disputes regarding obligations, including scope of delivery or payments, these could have an adverse effect on the Consolidated Entity's operating and financial performance.

Note 3. Segment reporting

For internal reporting and risk management purposes, the Consolidated Entity is divided into four operating segments. These segments have been setup based on the Group's geographical locations. Each segment includes earnings derived from development and licensing of computer software and the supply of services to the health industry.

UKI – United Kingdom and Ireland.
CE – Continental Europe and Latin America.
ANZ – Australia and New Zealand.
AMEA – Asia, Middle East & South Africa.
Intersegment – includes intersegment and eliminations not allocated elsewhere.

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an arm's length basis and are eliminated on consolidation. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment information has been prepared in conformity with the Consolidated Entity's segment accounting policy. In accordance with AASB 8 *Operating Segments*, comparative information has been restated to reflect current reportable segments and allocations. Revenue and results are derived from the sales and maintenance of computer software to the healthcare industry in the business segments highlighted on the following pages.

Notes to the consolidated financial statements CONTINUED

Half year to 31 December 2009	United Kingdom and Ireland $'000	Continental Europe and Latin America $'000	Australia and New Zealand $'000	Asia, Middle East and Africa $'000	Intersegment eliminations / unallocated $'000	Consolidated $'000
Sales to external customers	130,024	68,771	29,960	8,504	-	237,259
Other income	1,873	28	85	41	-	2,027
Total segment revenue	**131,897**	**68,799**	**30,045**	**8,545**	**-**	**239,286**
% of total revenue	**55%**	**29%**	**13%**	**4%**		**100%**
RBU contribution	76,989	21,327	9,111	1,973	318	109,718
Group R&D allocated [1]	(22,597)	(1,614)	(3,228)	(4,842)	-	(32,281)
Group Costs allocated [2]	(20,205)	(10,539)	(4,602)	(1,309)	-	(36,655)
Segment EBITDA	**34,187**	**9,174**	**1,281**	**(4,178)**	**318**	**40,782**
EBITDA margin %	**26%**	**13%**	**4%**	**-49%**		**17%**
Depreciation	(1,298)	(475)	(972)	(552)	-	(3,297)
Amortisation [3]	(11,205)	(5,062)	(3,059)	(1,638)	-	(20,964)
Segment result	**21,684**	**3,637**	**(2,750)**	**(6,368)**	**318**	**16,521**
Finance costs						(12,886)
Income tax expense						1,187
Profit for the period						**4,822**
Segment assets as at 31 December 2009	**516,713**	**350,960**	**193,287**	**141,228**	**(5,591)**	**1,196,597**

1. Research and development costs expensed during the period.
2. Group costs include Corporate Head Office and other global costs.
3. Amortisation includes acquired intangibles amortisation arising from acquisitions and other intangibles.

Notes to the consolidated financial statements CONTINUED

Half year to 31 December 2008		United Kingdom and Ireland $'000	Continental Europe and Latin America $'000	Australia and New Zealand $'000	Asia, Middle East and Africa $'000	Intersegment eliminations / unallocated $'000	Consolidated $'000
Sales to external customers		161,004	69,974	31,981	11,581	-	274,540
Other income		262	346	150	83	-	841
Total segment revenue		**161,266**	**70,320**	**32,131**	**11,664**	**-**	**275,381**
% of total revenue		**59%**	**26%**	**12%**	**4%**		**100%**
RBU contribution		92,530	21,623	12,932	(1,427)	609	126,267
Group R&D allocated	1	(21,189)	(1,514)	(3,027)	(4,541)	-	(30,271)
Group Costs allocated	2	(16,718)	(7,266)	(3,321)	(1,203)	-	(28,508)
Segment EBITDA		**54,623**	**12,843**	**6,584**	**(7,171)**	**609**	**67,488**
EBITDA margin %		**34%**	**18%**	**20%**	**-61%**		**25%**
Depreciation		(2,022)	(506)	(577)	(1,376)		(4,481)
Amortisation	3	(11,273)	(5,092)	(3,077)	(1,648)	-	(21,090)
Segment result		**41,328**	**7,245**	**2,930**	**(10,195)**	**609**	**41,917**
Finance costs							(26,628)
Income tax expense							(4,944)
Profit for the period							**10,345**
Segment assets as at 31 December 2008 (restated)		**628,850**	**443,374**	**171,995**	**158,990**	**3,423**	**1,406,632**

1. Research and development costs expensed during the period.
2. Group costs include Corporate Head Office and other global costs.
3. Amortisation includes acquired intangibles amortisation arising from acquisitions and other intangibles.

Note 4. Revenue

	Half year to 31 Dec 2009 $'000	Half year to 31 Dec 2008 $'000
Sales Revenue		
Licences	78,887	103,280
Implementation	47,653	48,270
Maintenance and Support	98,903	109,759
Third party hardware	6,125	9,109
Third party software	5,146	2,930
Other	545	1,192
	237,259	274,540
Other revenue		
Interest received	2,027	841
	2,027	841
Total revenue	**239,286**	**275,381**

Notes to the consolidated financial statements CONTINUED

Note 5. Expenses

	Half year to 31 Dec 2009 $'000	Half year to 31 Dec 2008 $'000
Expenses excluding finance costs, amortisation, depreciation and impairment is comprised as follows:		
Consultancy, insurance and professional fees	10,603	13,166
Consumables	30,515	35,407
Doubtful debts	(544)	102
Employee benefits expense	121,573	122,400
Marketing	6,153	3,482
Occupancy	10,064	10,980
Telecommunications	4,247	3,666
Travel	9,945	11,415
Other	5,748	6,297
Restructuring costs	200	978
	198,504	**207,893**
Employee Benefit Expenses		
Salaries and bonuses	113,184	119,435
Termination benefits	1,204	398
Associated personnel expenses	1,872	436
Defined contribution superannuation contributions	3,712	3,578
Defined benefit superannuation contributions	351	(1,777)
Share-based payments expense	1,250	330
	121,573	**122,400**
Bad and doubtful debt expense	(544)	102
Rental expense relating to operating leases		
Minimum lease payments	6,250	5,780

Notes to the consolidated financial statements CONTINUED

Note 6. Finance costs

	Half year to 31 Dec 2009 $'000	Half year to 31 Dec 2008 $'000
Finance costs		
Interest and finance charges paid/payable		
Senior secured borrowings	5,879	14,152
Subordinated secured borrowings	-	1,395
Convertible notes	1,434	544
Contract funding	1,000	1,450
Finance lease interest	46	39
Other	1,086	2,620
	9,445	20,200
Net foreign exchange (gains)/losses - realised	464	(1,469)
Net foreign exchange (gains)/losses - unrealised	2,977	7,897
	12,886	**26,628**

Note 7. EBITDA Calculation

The Consolidated Entity has reported EBITDA, calculated as follows:

	Half year to 31 Dec 2009 $'000	Half year to 31 Dec 2008 $'000
Profit before tax	3,635	15,289
Amortisation of intangible assets	20,964	21,090
Depreciation	3,297	4,481
Finance costs (refer note 6)	12,886	26,628
	40,782	**67,488**

Note 8. Cash and cash equivalents

	As at 31 Dec 2009 $'000	As at 30 Jun 2009 $'000
Cash at bank	60,991	82,786
Cash on deposit	598	2,951
	61,589	**85,737**

Included in cash is an amount of $10.5 million which serves as collateral for bank guarantees. At 30 June 2009 this was $2.3 million.

Notes to the consolidated financial statements CONTINUED

Note 9. Trade and other receivables - Current

	As at 31 Dec 2009 $'000	As at 30 Jun 2009 $'000
Trade receivables	78,365	84,951
Less: Provision for doubtful debts	(8,876)	(11,067)
	69,489	**73,884**

Bad and doubtful trade receivables
The Consolidated Entity has recognised a gain of $0.5 million (31 December 2008 : loss $0.1 million) in respect of bad and doubtful trade receivables during the period ended 31 December 2009. The gain or loss has been included in "expenses excluding finance costs, depreciation, amortisation and impairment" in the consolidated income statement. The Consolidated Entity utilised $0.6 million of provisions (31 December 2008: $0.8 million).

The majority of customers are government related entities and therefore management considers that the overall credit risk is low. For all customers, management have in place credit terms and conditions and procedures to monitor outstanding balances, on a regular basis, to identify credit risks.

Note 10. Other assets - current

	As at 31 Dec 2009 $'000	As at 30 Jun 2009 $'000
Prepayments and sundry debtors	14,113	15,019
	14,113	**15,019**

Notes to the consolidated financial statements CONTINUED

Note 11. Intangible assets

Intangible assets include goodwill, capitalised software development, intellectual property, customer contracts and patents and trademarks. Goodwill and intangibles are recognised in the functional currencies of the Consolidated Entity's subsidiaries and cash generating units (CGUs) they have been allocated to. The movement in these currencies against the Australian Dollar can be significant and is recognised in the Foreign Currency Translation Reserve in equity (refer Note 17).

Intangible assets other than goodwill have finite useful lives. The current amortisation charge in respect of intangible assets is included under amortisation expense in the consolidated income statement. There is no impairment during the reporting period. Information on impairment testing for CGUs containing goodwill is contained further in this Note.

	Goodwill $'000	Capitalised Development $'000	Intellectual Property $'000	Customer Contracts $'000	Patents and trademarks $'000	Total $'000
Balance at 1 July 2008						
Cost	507,764	36,294	343,957	44,807	61,195	994,017
Accumulated amortisation and impairment	-	(20,143)	(12,256)	(16,465)	(2,041)	(50,905)
Accumulated currency translation adjustments	(10,453)	1,210	(62)	(757)	-	(10,062)
Net carrying amount	**497,311**	**17,361**	**331,639**	**27,585**	**59,154**	**933,050**
Movement during the year ended 30 June 2009						
Additions	2,509	17,989	4,700	-	-	25,198
Fair value recognised from business combinations	2,230	-	-	-	-	2,230
Reallocation of fair value recognised from business combinations	23,400	-	(10,800)	(5,900)	(6,700)	-
Adjustments to fair values previously recognised from business combinations	(4,034)	-	(115,670)	115,670	-	(4,034)
Amortisation	-	(4,391)	(16,055)	(22,392)	(2,774)	(45,612)
Effect of foreign exchange movements	10,327	(1,199)	(90)	659	(45)	9,652
	34,432	**12,399**	**(137,915)**	**88,037**	**(9,519)**	**(12,566)**
Balance at 1 July 2009						
Cost	531,869	54,283	222,187	154,577	54,495	1,017,411
Accumulated amortisation and impairment	-	(24,534)	(28,311)	(38,857)	(4,815)	(96,517)
Accumulated currency translation adjustments	(126)	11	(152)	(98)	(45)	(410)
Net carrying amount	**531,743**	**29,760**	**193,724**	**115,622**	**49,635**	**920,484**
Movement during the 6 months ended 31 December 2009						
Additions	6,908	13,155	-	-	-	20,063
Amortisation	-	(2,389)	(7,302)	(10,105)	(1,168)	(20,964)
Effect of foreign exchange movements	(41,181)	(2,898)	(14,273)	(9,629)	(5,470)	(73,451)
	(34,273)	**7,868**	**(21,575)**	**(19,734)**	**(6,638)**	**(74,352)**
Balance at 31 December 2009						
Cost	538,777	67,438	222,187	154,577	54,495	1,037,474
Accumulated amortisation and impairment	-	(26,923)	(35,613)	(48,962)	(5,983)	(117,481)
Accumulated currency translation adjustments	(41,307)	(2,887)	(14,425)	(9,727)	(5,515)	(73,861)
Net carrying amount	**497,470**	**37,628**	**172,149**	**95,888**	**42,997**	**846,132**

On 24 April 2009 the Consolidated Entity obtained control of Hatrix Pty Limited, a company domiciled in Australia. The initial purchase consideration was settled in the Company's equity amounting to $1.2 million, which resulted in goodwill of $2.2 million. A further earn-out, capped at $13 million, may be paid over three years and payable in cash or shares at the Consolidated Entity's election (refer Note 22).

On 11 August 2009, the Consolidated Entity obtained control through acquiring 100% of the issued share capital and voting rights of BridgeForward, Inc., a company that is domiciled in Boston, Massachusetts. The initial consideration amounted to US$4.2 million and was settled at cost which resulted in goodwill of $5.8 million. A further earn-out, capped at US$10 million, may be paid over five years and payable in cash (refer Note 22).

Notes to the consolidated financial statements CONTINUED

On 26 November 2009, the Consolidated Entity acquired 100% of the issued share capital and voting rights of Patient Safety International Pty Ltd, a company domiciled in Australia. The initial purchase consideration was settled in the Company's equity amounted to $1.1 million which resulted in goodwill of $1.1 million. An earn-out, capped at $5 million, may be paid over three years and payable in cash or shares at the Consolidated Entity's election (refer Note 22).

Impairment testing for cash-generated units containing goodwill:
For the purposes of impairment testing which is done annually, goodwill is allocated to the Consolidated Entity's operating divisions which represent the lowest level within the Consolidated Entity at which the goodwill is monitored for internal management purposes. The aggregate carrying amounts of goodwill allocated to each unit are as follows;

Goodwill is allocated to the following cash generating units:	**As at 31 Dec 2009 $'000**	**As at 30 Jun 2009 $'000**
Asia, Middle East and Africa	60,095	60,095
Australia and New Zealand	89,394	82,486
United Kingdom and Ireland	142,200	163,871
IBS (iSOFT Business Solutions)	20,929	24,104
Southern Europe and Latin America	63,949	69,574
Continental Europe	120,903	131,613
	497,470	**531,743**

During the reporting period, the Australian Dollar presentation currency of the Consolidated Entity strengthened significantly against the British Pound, Euro and other currencies. The translation of goodwill and intangibles, held by the relevant reporting segments of the Consolidated Entity and denominated in the segment's respective functional currency resulted in an unrealised foreign currency loss of $73.9 million (31 December 2008 : gain of $114.2 million) on consolidation which is recognised in equity (refer to Note 17).

Note 12. Trade and other payables - current

	As at 31 Dec 2009 $'000	**As at 30 Jun 2009 $'000**
Trade payables	17,287	28,283
Deferred acquisition costs	701	2,271
Employee related including taxes	16,888	25,089
Payments received on account	975	344
Cost of sales accruals	13,917	13,219
Exceptional cost accruals	-	2,528
Purchase / Sales taxes	9,733	11,635
Other payables	30,482	28,691
	89,983	**112,060**

Notes to the consolidated financial statements CONTINUED

Note 13. Borrowings - current

	As at 31 Dec 2009 $'000	As at 30 Jun 2009 $'000
Senior secured borrowings	22,556	39,597
Contract funding	12,462	15,193
Other borrowings	81	444
Finance lease liability	535	554
	35,634	**55,788**

Senior secured borrowings:
Short term component of long term funding amounting to $22.6 million is provided by a syndicate of banks, consisting of Barclays, Clydesdale/Yorkshire banks (wholly owned by National Australia Bank), Westpac, Bank of Ireland, KfW Group, and Banco Santander.

At 30 December 2009 the Consolidated Entity refinanced its existing debt facility. The facility comprises a term loan and revolving credit facility. The term loan is GBP 60 million (with the option to extend under an incremental accordion facility to GBP 80 million). The Revolving Credit Facility (RCF) has been increased to GBP 60 million from previously GBP 47.5 million. The facility has reduced levels of debt servicing and provides additional working capital and funding headroom through an increase in the revolver. Quarterly payments have been reduced from GBP 6.66 million per quarter to GBP 3.75 million commencing 31 March 2010. A balloon payment on the term loan of GBP 11.25 million is payable on the termination date of the facility which is 30 June 2013, extended from 21 August 2011. The RCF is repayable upon expiry of the facility being 30 June 2013 and GBP 25 million of cancellations that existed in the RCF have been removed. Interest remains at 3.75% above LIBOR which can reduce to 3.25% depending on the Consolidated Entity's leverage ratio.

Contract funding:
Money to be earned from some ongoing contracts of the iSOFT Group was previously paid in advance by third party lenders. This practice ceased after the acquisition of iSOFT Group plc. The majority of contract funding is denominated in Euros and GBP. During the period, the Consolidated Entity repaid $4.4 million (2009: $7.4 million) of contract funding.

Finance lease liability:
Finance lease liabilities are secured over specific equipment owned and capitalised by the Consolidated Entity.

Note 14. Borrowings - non-current

	As at 31 Dec 2009 $'000	As at 30 Jun 2009 $'000
Senior secured borrowings	148,006	133,271
Contract funding	19,826	23,136
Convertible notes payable	30,793	29,445
Finance lease liability	729	530
	199,354	**186,382**

Senior secured borrowings and contract funding, refer Note 13.

Notes to the consolidated financial statements CONTINUED

Convertible notes:

Convertible notes are unsecured. Each note may be converted at the holder's discretion into one ordinary share in the Consolidated Entity at any time till the maturity date. If not converted on the maturity date, the notes must be repaid at face value amounting to $39.7 million. The maturity dates of the notes are 31 October 2012 and 19 December 2012. Interest on the convertible notes represents the discount unwind to maturity at a comparable interest rate of a debt instrument without a conversion option (refer to Note 6).

Assets pledged as security
The bank loans are secured by a fixed and floating charge over the assets and undertakings of the Consolidated Entity. Contract funding is secured only to the revenue streams on the contracts that are funded.

The lease liabilities are effectively secured as the rights to the leased assets recognised in the consolidated statement of financial position revert to the lessor in the event of default.

Financing arrangements
Unrestricted access was available at balance date to the following lines of credit:

	As at 31 Dec 2009 GBP'000	As at 30 Jun 2009 GBP'000	As at 31 Dec 2009 $'000	As at 30 Jun 2009 $'000
Total facilities				
Senior secured term loan	60,000	60,000	106,990	123,127
Senior secured revolver	60,000	47,500	106,990	97,476
	120,000	**107,500**	**213,980**	**220,603**
Used at balance date				
Senior secured term loan	60,000	60,000	106,990	123,127
Senior secured revolver	46,987	32,675	83,786	67,052
	106,987	**92,675**	**190,776**	**190,179**
Unused at balance date				
Senior secured term loan	-	-	-	-
Senior secured revolver	13,013	14,825	23,204	30,424
	13,013	**14,825**	**23,204**	**30,424**

Notes to the consolidated financial statements CONTINUED

Note 15. Retirement and post-employment benefit obligations – non-current

The table below shows the position at each of the subsequent consolidated statement of financial position dates:

	UK Plan		Other Plans		Total	
	As at 31 Dec 2009 $'000	As at 30 Jun 2009 $'000	As at 31 Dec 2009 $'000	As at 30 Jun 2009 $'000	As at 31 Dec 2009 $'000	As at 30 Jun 2009 $'000
Present value of the defined benefit obligation	57,566	55,436	3,412	3,437	60,978	58,873
Fair value of the defined benefit plan assets	(34,985)	(32,772)	(944)	(956)	(35,929)	(33,729)
Net liability before IFRIC 14	22,581	22,664	2,468	2,481	25,049	25,144
Irrecoverable element of potential future pension surplus	-	3,979	-	-	-	3,979
Net liability	22,581	26,643	2,468	2,481	25,049	29,123
The net liability is presented on the balance sheet as follows:						
Non-current retirement benefit obligations	22,581	26,643	2,468	2,481	25,049	29,123
Net liability	22,581	26,643	2,468	2,481	25,049	29,123

The net pension liability at 30 June 2009 includes the liability arising on the irrecoverable element of the potential pension surplus. During the reporting period, the Trustee of the SMS staff benefit plan amended the funding agreement with the Consolidated Entity which resulted in the removal of this irrecoverable element of the minimum funding requirement. As a result, in accordance with IFRIC 14, the removal of the irrecoverable element of the potential pension surplus is taken directly to the consolidated statement of comprehensive income.

Notes to the consolidated financial statements CONTINUED

Note 16. Contributed equity

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value. Movements in contributed equity are as follows:

Date	Details	Number of shares	Issue price $	Amount $'000
1/07/2008	Opening balance at the beginning of the period	776,486,191		602,328
16/07/2008	Issued under iSOFT Group Employee Loan Plan	224,903	0.59	132
24/09/2008	Issued under iSOFT Group Employee Loan Plan	4,100,000	0.7297	2,992
8/10/2008	Issued under iSOFT Group Employee Loan Plan	183,024	0.725	133
28/11/2008	Issued under iSOFT Group Employee Deferred Incentive Plan	430,775	0.5606	241
10/12/2008	Issued under iSOFT Group Employee Loan Plan	200,000	0.5593	112
10/12/2008	Issued under iSOFT Group Employee Deferred Incentive Plan	5,208,843	0.5593	2,913
18/12/2008	Issued under iSOFT Group Employee Deferred Incentive Plan	56,705	0.5714	32
	Balance at the end of 31 December 2008	**786,890,441**		**608,883**
1/01/2009	Opening balance at the beginning of the period	786,890,441		608,883
13/01/2009	Issued to Share Plan Managers for employee quarterly share allocation	205,574	0.64	132
27/03/2009	Issued under non-renounceable rights issue to institutional shareholders	151,848,337	0.55	83,517
15/04/2009	Issued under non-renounceable rights issue to retail shareholders	59,448,794	0.55	32,697
5/05/2009	Issued under non-renounceable rights issue to retail shareholder	425,715	0.55	234
19/05/2009	Issued in consideration for acquisition of Hatrix Pty Limited	1,804,893	0.6704	1,210
14/06/2009	Issued to Oceania Healthcare Technology Investments Pty Limited (OCP) on conversion of convertible notes	13,134,134	0.55	7,224
	Less : transaction costs arising on non-renounceable rights issue, net of tax			(4,937)
	Balance at the end of 30 June 2009	**1,013,757,888**		**728,960**
1/07/2009	Opening balance at the beginning of the period	1,013,757,888		728,960
3/07/2009	Issued to Share Plan Managers for employee quarterly share allocation	140,775	0.65	92
6/10/2009	Issued under Dividend Reinvestment Plan to shareholders	1,887,026	0.83	1,566
15/10/2009	Issued under Share Purchase Plan to shareholders	16,705,644	0.77	12,879
11/11/2009	Issued on exercise of options from Employee Incentive Plan	100,000	0.72	72
23/11/2009	Issued under iSOFT Group Employee Loan Plan	4,036,500	0.79	3,189
26/11/2009	Issue in consideration for acquisition of Patient Safety International Pty Limited	1,366,190	0.78	1,066
	Less : transaction costs arising on non-renounceable rights issue, net of tax			(352)
	Balance at the end of 31 December 2009	**1,037,994,023**		**747,472**

Notes to the consolidated financial statements CONTINUED

Note 17. Reconciliation of movement in capital, reserves, retained earnings and minority interest

	Contributed equity $'000	Treasury shares $'000	Cash Flow Hedging Reserve $'000	Options / warrants reserve $'000	Share-based payments $'000	Foreign currency translation $'000	Option Premium Reserve $'000	Retirement benefits reserve $'000	Total Reserves $'000	Retained earnings $'000	Parent Interest $'000	Minority interest $'000	Total Equity $'000
At 1 July 2008	**602,328**	**(9,823)**	**-**	**4,983**	**3,933**	**(5,540)**	**10,273**	**(10,296)**	**(6,470)**	**(20,693)**	**575,165**	**350**	**575,515**
Equity issued during the period	6,557	-	-	821	-	-	-	-	821	-	7,378	-	7,378
Net movement in treasury shares	-	(3,238)	-	-	-	-	-	-	(3,238)	-	(3,238)	-	(3,238)
Changes in fair value, net of tax	-	-	1,020	-	-	-	-	-	1,020	-	1,020	-	1,020
Foreign currency translation, net of tax	-	-	-	-	-	110,506	-	-	110,506	-	110,506	-	110,506
Actuarial gains/(losses), net of tax	-	-	-	-	-	-	-	2,502	2,502	-	2,502	-	2,502
Irrecoverable element of minimum funding requirement, net of tax	-	-	-	-	-	-	-	(2,858)	(2,858)	-	(2,858)	-	(2,858)
Share-based payments	-	-	-	-	676	-	-	-	676	-	676	-	676
Profit / (loss) for the period	-	-	-	-	-	-	-	-	-	9,418	9,418	927	10,345
At 31 December 2008	**608,885**	**(13,061)**	**1,020**	**5,804**	**4,609**	**104,966**	**10,273**	**(10,652)**	**102,959**	**(11,275)**	**700,569**	**1,277**	**701,846**
At 1 January 2009	**608,885**	**(13,061)**	**1,020**	**5,804**	**4,609**	**104,966**	**10,273**	**(10,652)**	**102,959**	**(11,275)**	**700,569**	**1,277**	**701,846**
Equity issued during the period	125,012	-	-	626	-	-	-	-	626	-	125,638	-	125,638
Costs of raising capital - net of tax	(4,937)	-	-	-	-	-	-	-	-	-	(4,937)	-	(4,937)
Net movement in treasury shares	-	(133)	-	-	-	-	-	-	(133)	-	(133)	-	(133)
Changes in fair value, net of tax	-	-	(1,020)	-	-	-	-	-	(1,020)	-	(1,020)	-	(1,020)
Foreign currency translation, net of tax	-	-	-	-	-	(107,826)	-	-	(107,826)	-	(107,826)	-	(107,826)
Actuarial gains/(losses), net of tax	-	-	-	-	-	-	-	(1,257)	(1,257)	-	(1,257)	-	(1,257)
Irrecoverable element of minimum funding requirement, net of tax	-	-	-	-	-	-	-	1,425	1,425	-	1,425	-	1,425
Share-based payments	-	-	-	-	748	-	-	-	748	-	748	-	748
Profit / (loss) for the period	-	-	-	-	-	-	-	-	-	25,668	25,668	(1,282)	24,386
At 30 June 2009	**728,960**	**(13,194)**	**-**	**6,430**	**5,357**	**(2,860)**	**10,273**	**(10,484)**	**(4,478)**	**14,393**	**738,875**	**(5)**	**738,870**
At 1 July 2009	**728,960**	**(13,194)**	**-**	**6,430**	**5,357**	**(2,860)**	**10,273**	**(10,484)**	**(4,478)**	**14,393**	**738,875**	**(5)**	**738,870**
Equity issued during the period	18,864	-	-	-	-	-	-	-	-	-	18,864	-	18,864
Costs of raising capital - net of tax	(352)	-	-	-	-	-	-	-	-	-	(352)	-	(352)
Consolidation of the ELP Trust	-	(3,259)	-	-	-	-	-	-	(3,259)	-	(3,259)	-	(3,259)
Changes in fair value, net of tax	-	-	198	-	-	-	-	-	198	-	198	-	198
Foreign currency translation, net of tax	-	-	-	-	-	(60,652)	-	-	(60,652)	-	(60,652)	-	(60,652)
Actuarial gains/(losses), net of tax	-	-	-	-	-	-	-	(3,325)	(3,325)	-	(3,325)	-	(3,325)
Irrecoverable element of minimum funding requirement, net of tax	-	-	-	-	-	-	-	2,865	2,865	-	2,865	-	2,865
Share-based payments	-	-	-	-	1,018	-	-	-	1,018	-	1,018	-	1,018
Dividends paid - ordinary shares	-	-	-	-	-	-	-	-	-	(10,138)	(10,138)	-	(10,138)
Dividends paid - convertible notes	-	-	-	-	-	-	-	-	-	(460)	(460)	-	(460)
Profit / (loss) for the period	-	-	-	-	-	-	-	-	-	5,253	5,253	(431)	4,822
At 31 December 2009	**747,472**	**(16,453)**	**198**	**6,430**	**6,375**	**(63,512)**	**10,273**	**(10,944)**	**(67,633)**	**9,048**	**688,887**	**(436)**	**688,451**

During the reporting period, the Australian Dollar reporting currency of the Consolidated Entity strengthened quite significantly against the British Pound, Euro and other currencies. The translation of foreign currency financial statements on consolidation resulted in an unrealised foreign currency loss of $60.7 million net of tax. The majority of these unrealised foreign currency losses result from goodwill and intangibles, held by the relevant reporting segments of the Consolidated Entity and denominated in the segment's respective functional currency.

Notes to the consolidated financial statements CONTINUED

Note 18. Financial Instruments

Contractual maturities of bank borrowings have been modified as a result of the 30 December 2009 refinance (refer Note 13 and 14). The following table summarises the maturity profile of the Consolidated Entity's financial liabilities at 31 December 2009 and 30 June 2009 based on contractual undiscounted cash flows:

As at 31 December 2009

	Carrying Amount $'000	Contractual cash flows $'000	Up to 1 year $'000	1-2 Years $'000	2-5 Years $'000	More than 5 years $'000
Trade & other payables	17,287	17,287	17,287	-	-	-
Other borrowings	81	81	81	-	-	-
Bank loans	170,562	213,701	34,427	33,332	145,942	-
Contract funding	32,287	34,735	13,193	19,546	1,996	-
Convertible notes	30,793	39,718	-	-	39,718	-
Lease liability	1,264	1,353	657	372	324	-
Unrecognised loan commitments:						
Letters of credit	-	8,165	8,165	-	-	-
Total	252,274	315,040	73,810	53,250	187,980	-

As at 30 June 2009

	Carrying Amount $'000	Contractual cash flows $'000	Up to 1 year $'000	1-2 Years $'000	2-5 Years $'000	More than 5 years $'000
Trade & other payables	28,283	28,283	28,283	-	-	-
Other borrowings	444	444	444	-	-	-
Bank loans	172,868	208,874	51,599	86,180	71,095	-
Contract funding	38,329	41,627	15,995	13,307	12,325	-
Convertible notes	29,445	39,718	-	-	39,718	-
Lease liability	1,084	1,114	578	536	-	-
Unrecognised loan commitments:						-
Letters of credit	-	10,104	10,104	-	-	-
Total	270,453	330,164	107,003	100,023	123,138	-

Trade & other payables at 30 June 2009 have been restated to reflect invoiced amounts only.

Contractual cash flows include interest at the prevailing interest rate.

Notes to the consolidated financial statements CONTINUED

Note 19. Dividends

	As at 31 Dec 2009 $'000	As at 30 Jun 2009 $'000
Dividends paid and reinvested		
Dividends paid - ordinary shares	8,520	-
Dividends paid - convertible notes	460	-
	8,980	-
Dividends reinvested in the reporting period - ordinary shares	1,618	-
	10,598	-
Dividends proposed		
Dividends (including convertible notes distributions) not recognised at the end of the year	-	10,598
Franking credits		
Franking credits available for subsequent financial years based on a tax rate of 30%	178	178
Exempting credits available for subsequent financial years based on a tax rate of 30%	13,510	13,510

Note 20. Contingent liabilities

Contingent liabilities in respect of claims and potential claims:
The Consolidated Entity is assisting the Financial Services Authority (FSA) in the United Kingdom in matters relating to iSOFT Group plc that took place prior to the acquisition by the Consolidated Entity. The Consolidated Entity acquired UK-based iSOFT Group plc in October 2007 post the events that were the subject matter of the investigation. The Consolidated Entity cooperated fully with the FSA throughout the investigation, which involved former management of iSOFT Group plc and had no bearing on any of the current management or employees of iSOFT Group Limited. On 7 January 2010, iSOFT Group Plc received a letter from the FSA stating that its investigation into iSOFT Group plc is discontinued and that no action is to be taken against iSOFT Group Plc. None of the former iSOFT Group plc directors that were investigated are employed by the Consolidated Entity.

The following are material claims that have been raised against the Consolidated Entity:

(a) iSOFT Health Management (India) Private Limited (formerly IBA Health (India) Private Limited) is the subject of a petition to windup the entity, over an alleged failure to pay a US$ 1 million claim. The wind up petition is currently stayed by the highest court in India pending a final hearing. The Consolidated Entity does not expect to be judged liable for any payments in relation to this matter nor that the wind up petition will be allowed to proceed;

(b) The proceedings in the Supreme Court of Queensland, Brisbane Registry (Proceedings No.BS9769/06), between the Australian Church in Australia Property Trust in Australia (Q) (as plaintiff) and iSOFT Australia Pty Limited (as defendant). The plaintiff alleges that iSOFT Australia Pty Limited breached a software supply agreement dated 17 September 2001 and made misleading and deceptive representations, such that the plaintiff has suffered loss and damage in the amount of approximately $4.6 million (excluding legal costs). In the view of the Directors, the outcome is unknown and they cannot estimate the likelihood of an unfavourable decision. As a result, no provision has been made as at 31 December 2009; and

(c) The proceedings under case number CIV-2006-404-004502 filed in the High Court at Auckland, New Zealand, between I-Health Limited (as plaintiff) and iSOFT NZ Limited and iSOFT Australia Pty Limited (as first and second respondents respectively). The proceedings arose out of a business and asset sale agreement entered into by iSOFT NZ Limited (as purchaser), iSOFT Australia Pty Limited (as the purchaser's guarantor) and I-Health Limited (as vendor), whereby iSOFT NZ Limited acquired the business and assets of I-Health Limited (including I-Health Limited's software known as "healthviews"). Payment for the business included payments based on revenue earned by iSOFT NZ Limited from the healthviews software over a five-year period following settlement of the sale. I-Health Limited claims that iSOFT NZ Limited has breached its obligations under the business and asset sale agreement to, inter alia, promote and develop the healthviews software thus negatively impacting on the earn-out payments due to I-Health Limited. The maximum payable under the earn-out agreement is $24.9 million. In the view of the Directors, the outcome is unknown and they cannot estimate the likelihood of an unfavourable decision. As a result, no provision has been made as at 31 December 2009.

Notes to the consolidated financial statements CONTINUED

Contingencies arising from contractual obligations:
The Consolidated Entity from time to time incurs delays in delivery of project implementations. Such delays may trigger penalty clauses under contracts. The contingent liability from such contractual obligations has been estimated at $2.5 million as at 31 December 2009. In the view of the Directors, the likelihood of a payment is remote and as a result, no provision has been made as at 31 December 2009.

Contingent considerations
Acquisition of Hatrix Pty Limited: the total maximum earn out is $13 million over three years commencing from the date of acquisition on 24 April 2009. There is no earn-out payment due in the period ended 31 December 2009.

Acquisition of BridgeForward Inc: the maximum earn out is US$ 10 million over five years commencing from the date of acquisition on 11 August 2009. There is no earn-out payment due in the period ended 31 December 2009.

Acquisition of Patient Safety International Pty Ltd: the maximum earn out is $5 million over three years commencing from the acquisition on 26 November 2009. There is no earn-out payment due in the period ended 31 December 2009.

Note 21. Commitments

	As at 31 Dec 2009 $'000	As at 30 Jun 2009 $'000
Lease commitments - operating		
Committed at reporting date but not recognised as liabilities, payable:		
Within one year	13,093	7,244
One to five years	32,824	28,991
More than five years	29,194	30,684
	75,111	**66,919**
Lease commitments - finance		
Committed at reporting date and recognised as liabilities, payable:		
Within one year	574	578
One to five years	779	536
More than five years	-	-
Total commitment	1,353	1,114
Less: Future finance charges	(89)	(30)
Net commitment recognised as liabilities	**1,264**	**1,084**
Representing:		
Lease liability - current (note 13)	535	554
Lease liability - non-current (note 14)	729	530
	1,264	**1,084**

Lease commitments are operating leases on plant and equipment. Property leases are non-cancellable with rent payable monthly in advance. Contingent rental provisions within lease agreements generally require minimum lease payments be increased by the consumer price index (CPI) or a percentage factor. Certain agreements have option arrangements to renew the lease for an additional term.

Jointly controlled entities do not have commitments as at 31 December 2009 and 30 June 2009.

The Consolidated Entity has no capital commitments as at 31 December 2009 and 30 June 2009.

Notes to the consolidated financial statements CONTINUED

Note 22. Business combinations

Hatrix Pty Limited
The Consolidated Entity acquired on 24 April 2009 100% of the equity and voting rights of Hatrix Pty Ltd, a company domiciled in Australia. This company develops electronic medication management solutions for acute care, aged care and community health care providers in Australia and New Zealand. Hatrix Pty Ltd has been renamed iSOFT Systems Pty Ltd subsequent to acquisition. The Consolidated Entity will leverage its global customer base to boost sales of Hatrix's flagship MedChart medication management solution. Medchart is already integrated with iSOFT software products at a number of iSOFT's installed customer sites and will be particularly relevant for customers in Australia, New Zealand, U.K, and Southeast Asia. The Consolidated Entity will also use Hatrix's expertise in further developing its own Lorenzo medication management solution.

The initial purchase consideration was settled in 1.8 million of the Company's equity at a fair value of $0.67 per share at the closing bid price, amounting to $1.2 million, which resulted in goodwill of $2.2 million. A further earn-out, capped at $13 million, may be paid over three years and payable in cash or shares at the Consolidated Entity's election. No contingent consideration has been recognised as performance cannot be reliably measured and the accounting for the acquisition is provisional at the reporting date due to the relative short period since acquisition. The cost of the acquisition includes $0.1 million of directly attributable costs, such as due diligence and legal fees. No detailed disclosures are made in this Note because of the relatively insignificant size of the acquisition.

BridgeForward, Inc.
On 11 August 2009, the Consolidated Entity obtained control through acquiring 100% of the issued share capital and voting rights of BridgeForward, Inc., a company that is domiciled in Boston, Massachusetts. This company develops and sells interoperability software for the global health industry. The acquisition is expected to provide the Consolidated Entity with the ability to integrate health information from all sources through access to the acquiree's newly developed SOA compliant technology and a first step into the United States market. The Consolidated Entity also expects to reduce internal development and maintenance service costs through economies of scale that will be achieved by a modern and standardised approach to the growing market demands for interoperability. BridgeForward, Inc. has been renamed iSOFT Integration Systems, Inc. subsequent to acquisition.

The initial purchase consideration was settled in US$4.2 million cash, which resulted in goodwill of $5.8 million. A Further cash settled earn-out which is capped at US$ 10 million may be payable over five years. No contingent consideration has been recognised as performance cannot be reliably measured and the accounting for the acquisition is provisional at the reporting date due to the relative short period since acquisition. No detailed disclosures are made in this Note because of the relatively insignificant size of the acquisition.

Patient Safety International Pty Ltd
On 26 November 2009, the Consolidated Entity acquired 100% of the issued share capital and voting rights of Patient Safety International Pty Ltd (PSI), a company domiciled in Australia. PSI is a leading provider of incident management software and provides the Consolidated Entity with state-of-the-art patient safety software that will enable it to record, monitor and take relevant management action to minimise future adverse medical events. PSI's AIMS solution software captures adverse event and near miss information across acute care, community care, disability care, mental health and residential aged care (nursing homes). Unlike other systems, AIMS includes a standardised classification (ontology) that is recognized by the World Health Organization and the US Institute of Medicine. In addition to facilitating benchmarking, the AIMS Classification enables use of business intelligence and decision support tools for a truly strategic approach to patient safety and quality improvement. Currently used in Australia, South Africa and the United States, the AIMS solution can be applied in most markets including the emerging Patient Safety Organizations in the United States. PSI has been renamed iSOFT Solutions (International) Pty Ltd subsequent to acquisition.

The initial purchase consideration was settled in 1.4 million of the Company's equity at a fair value of $0.78 per share at the closing bid price, amounting to $1.1 million, which resulted in goodwill of $1.1 million. Further earn-out, capped at $5 million may be paid over three years and payable in cash or shares at the Consolidated Entity's election. No contingent consideration has been recognised as performance cannot be reliably measured and the accounting for the acquisition is provisional at the reporting date due to the relative short period since acquisition. No detailed disclosures are made in this Note because of the relatively insignificant size of the acquisition.

Notes to the consolidated financial statements CONTINUED

Note 23. Exchange rates

The Consolidated Entity's financial performance and financial position is significantly influenced by foreign exchange rate fluctuations. The exchange rates of significant operating countries of the Consolidated Entity that applied during the year are as follows:

	Half year to 31 December 2009 Average	Half year to 30 June 2009 Average	Half year to 31 December 2008 Average	As at 31 December 2009 Closing	As at 30 June 2009 Closing	As at 31 December 2008 Closing
AUD to 1 GBP	1.8794	2.1037	2.2367	1.7832	2.0521	2.0976
AUD to 1 Euro	1.661	1.877	1.839	1.605	1.7455	2.042
AUD to 1 Malaysian Ringit	0.330	0.378	0.381	0.327	0.351	0.417
GBP to 1 Indian Rupee	0.0237	0.0269	0.0272	0.0255	0.0239	0.0291

The average exchange rates have been calculated by applying a weighted average according to the revenue of the Group.

Note 24. Events occurring after balance date

The Consolidated Entity is assisting the Financial Services Authority (FSA) in the United Kingdom in matters relating to iSOFT Group plc that took place prior to the acquisition by the Consolidated Entity. The Consolidated Entity acquired UK-based iSOFT Group plc in October 2007 post the events that were the subject matter of the investigation. The Consolidated Entity cooperated fully with the FSA throughout the investigation, which involved former management of iSOFT Group plc and had no bearing on any of the current management or employees of iSOFT Group Limited. On 7 January 2010, iSOFT Group Plc received a letter from the FSA stating that its investigation into iSOFT Group plc is discontinued and that no action is to be taken against iSOFT Group Plc. None of the former iSOFT Group plc directors that were investigated are employed by the Consolidated Entity.

No other matters or circumstances have arisen since 31 December 2009 that has significantly affected, or may significantly affect the Consolidated Entity's operations in future financial years, the results of those operations in future financial years, or the Consolidated Entity's state of affairs in future financial years.

Directors' declaration FOR THE HALF YEAR ENDED 31 DECEMBER 2009

In the opinion of the Directors of iSOFT Group Limited:

a) the financial statements and notes set out in pages 3 to 29 are in accordance with the *Corporations Act 2001*, including:

> (i) giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2009 and of its performance represented by the results of its operations and its cash flows for the six month period ended on that date; and
>
> (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

b) there are reasonable grounds to believe that iSOFT Group Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

....	....
Gary Cohen Director	Anthony Sherlock Director

Dated at Sydney, 16 February 2010

PKF

Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members iSOFT Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of iSOFT Group Limited, which comprises the statement of financial position as at 31 December 2009, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2009 or from time to time during the half year ended on that date.

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 the consolidated entity's financial position as at 31 December 2009 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 iSOFT Group 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.

Independence

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

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia
DX 10173 | Sydney Stock Exchange | New South Wales

Chartered Accountants
& Business Advisers

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 iSOFT Group 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 2009 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

PKF

Bruce Gordon
Partner
Sydney

Dated this 16 day of February 2010