ibahealth

ANNOUNCEMENT TO THE ASX

Results for the half year to 31 December 2007[1]

Sydney – Wednesday, 27 February 2008 – IBA Health Group Limited (ASX: IBA)

IBA Health Group Limited ('IBA') has recorded revenues of $102.8 million, up 183%, and an underlying EBITDA of $25.4 million, up 60% (H1 FY07), reflecting the two-month contribution from iSOFT which was acquired in October 2007. The underlying results are before integration, amortisation of intangibles and one off acquisition costs of $18.2 million.

The integration and one off acquisition costs have impacted the reported 6 month result, producing a net loss after tax of $1.2 million for the period.

The combined business now has a substantial base of contracted and recurring revenues which will underpin future growth. Over 80% of FYO8 revenues are contracted or expected, with recurring revenues of over 60%.

The company has provided guidance for full year FY08 revenues which are expected to be in the order of $380 - $400 million. The company is forecasting underlying FY08 EBITDA in the range of $85 - $95 million. The company also forecasts that it will produce a reported FY08 net profit after tax, after allowance for the amortisation of intangibles, financing charges and one off costs. EBITDA and profit are anticipated to improve in FY09 with increases to revenue and the benefit of further cost reductions.

Integration of iSOFT into the IBA business is proceeding to plan with targeted cost synergies of $27 million for FY09. $16 million of annualised synergies have already been extracted. One off integration costs of $6.5 million were incurred over the period of which $3.4 million is reflected in this result.

IBA's net debt to total assets ratio, following the iSOFT acquisition, is 23%, with the majority of the debt funding of $192 million secured through a four year facility with ABN, and $90 million of contract financing, of which the majority unwinds over the next 18 months. An additional $56 million of debt funding is provided by Allco Equity Partners ('AEP'). AEP is a separately listed company to Allco Finance Group.

IBA's underlying cash flow position remains strong, and is expected to improve by over $70 million per annum when the ESA (contract financing) prepayment period comes to an end in April 2008. Consequently IBA is unlikely to require the previously announced additional $50 million facility from AEP. A number of one off payments made as a result of the acquisition reduced net operating cash flow for the period.

Following iSOFT's change in ownership, IBA's management has been successful in renewing customer confidence in iSOFT. The key relationships with National Health Service ('NHS') in the UK, and the Irish Health Service Executive, have been enhanced at the strategic and operational levels and contracted revenues secured. Also in the UK, a strategic partnership model has been established with Computer Sciences Corporation ('CSC') in relation to the NHS's National Program for Information Technology ('NPfIT') contract. These further arrangements have de-risked the existing revenues and secured quarterly payments to IBA, and provide prospects for improved revenue potential.

The roll out of the LORENZO software for the NPfIT program is on track. LORENZO minimises the cost and risk to customers of transitioning to future health care delivery models. It provides IBA with the opportunity to transition its existing client base, and to capture new global opportunities in the healthcare IT space.

The iSOFT acquisition provides IBA with significant growth potential. The larger balance sheet now enables IBA to be considered for, and to tender for, the larger international e-Health projects. The global customer base of approximately 13,000 and the expanded product range provide significant cross sell opportunities across the group. Global growth in the IT healthcare industry is expected to continue providing further opportunities in both new and existing markets.

[1] All comparisons are to the prior corresponding period unless otherwise stated

As a result of IBA's expanded global business, which has increased complexity and enhanced growth potential, the Board has decided to review its composition having regard for the requisite skill sets and experience. The Board has commenced a search for additional independent directors.

Gary Cohen, Executive Chairman and CEO of the IBA Health Group, said: 'I am very pleased with the iSOFT acquisition and how it is tracking, and the way in which the management team and staff have worked together to integrate the business. We are now four months into the acquisition, and it is pleasing to see that our expectations for profitable growth opportunities and extraction of synergies have been confirmed. We have successfully restored client confidence in the iSOFT customer base, focussing particularly on the NHS and CSC relationships.'

End of release

For further information contact:

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About IBA Health Group

IBA Health Group Limited (ASX-IBA) is the largest specialist information technology company listed on the Australian Securities Exchange.

IBA builds software applications for healthcare. We work with healthcare professionals to design and build solutions that answer all of the difficult questions posed by today's care delivery challenges. Our solutions act as a catalyst for change, supporting the free exchange of critical information across diverse care settings and participant organisations. We are the leader in the provision of advanced application solutions in modern healthcare economies around the world

Today, over 13,000 provider organisations in 35 countries across five continents use IBA'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 our market and anticipation of evolving requirements. Our business is driven by the collective talent, experience and commitment of over 3,500 healthcare IT experts around the globe.

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

For more information on IBA Health, please visit the Company's website at www.ibahealth.com

Rules 4.1, 4.3

Appendix 4D

Half yearly report

Introduced 1/1/2003

Name of Entity	IBA HEALTH GROUP LIMITED
ABN	66 063 539 702
Financial Period Ended	31 DECEMBER 2007
Previous Corresponding Reporting Period	31 DECEMBER 2006

Results for Announcement to the Market

	Half year ended 31 December 2007	Half year ended 31 December 2006	Percentage increase over previous corresponding period
Revenue from ordinary activities	102,837	36,303	183.3%
Profit from ordinary activities after tax attributable to members	(1,074)	11,751	(109)%
Net profit for the period attributable to members	(1,234)	11,751	(110)%
Dividends (distributions)	Amount per security		Franked amount per security
Final Dividend	N/A		N/A
Interim Dividend	N/A		N/A
Previous corresponding period	N/A		1 cent
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 ASX announcement.

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

Dividends

Date the dividend is payable	Not applicable
Record date to determine entitlement to the dividend	Not applicable
Amount per security	Not applicable
Total dividend	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	Previous corresponding period
Net tangible asset backing per ordinary security	(47.6) cent	20.6 cent

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	iSOFT Group Plc
Date control gained	30 October 2007
Consolidated profit from ordinary activities since the date in the current period on which control was acquired, before amortisation and inter company charges	$12,545,307
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	Previous Period
Not applicable	N/A	N/A	N/A	N/A
Aggregate Share of Net Loss			N/A	N/A

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	**Half-year Financial Report**

Signed By (Director/Company Secretary)	
Print Name	Gary Cohen
Date	27-February-2008

IBA Health Group Limited
ABN 66 063 539 702

ASX Code: IBA

Interim Financial Report

For the half year ended 31 December 2007

IBA Health Group Limited and Subsidiaries
Interim Financial Report
For the half year ended 31 December 2007

Contents

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2007.

Directors

The names of directors who held office during or since the end of the half-year are:

Gary Cohen
Stephen Garrington
Claire Jackson
Anthony Sherlock
Peter Wise
Amrit Chopra (Resigned 30 November 2007)
Don Conway (Appointed 30 November 2007)
Marcus Derwin (Appointed 30 November 2007)

The directors have been in office since the start of the financial period until the date of this report unless otherwise stated.

Review and Results of Operations

The operating loss after tax for the half year was $1,074,000 (2006: Profit $11,751,000). Further details of the operations for the Group during the half-year are set out in the attached announcement.

Dividend

No dividend has been declared for the half year ended 31 December 2007.

Auditors' Declaration

IBA has received a declaration from its auditors, PKF, of their independence, which is attached as the second page of this directors' report.

Rounding

The consolidated entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report have been rounded to the nearest thousand dollars.

The report is signed in accordance with a resolution of the Board of Directors.

Gary Cohen
Director

Dated : 27 February 2008

PKF

Chartered Accountants
& Business Advisers

Auditors' Independence Declaration
Under section 307C of the Corporations Act 2001

As lead auditor for the review of IBA Health Group Limited and subsidiaries for the half year ended 31 December 2007, 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 IBA Health Group Limited and the entities it controlled during the half year.

PKF

PKF

Bruce Gordon

Bruce Gordon
Partner

Sydney
27 February 2008

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IBA HEALTH GROUP LIMITED AND SUBSIDIARIES
Condensed Consolidated Income Statement
For the half year ended 31 December 2007

		Consolidated	
		31 December 2007	31 December 2006
Continuing Operations	**Notes**	**$'000**	**$'000**
Sales revenue		100,648	36,039
Other revenue		2,189	264
Revenue	4	102,837	36,303
Expenses excluding finance costs	2	(90,203)	(23,788)
Finance costs		(10,970)	(376)
Share of net loss of associate		-	(34)
Profit before income tax expense		**1,664**	**12,105**
Income tax expense		(2,738)	(353)
Profit / (Loss) after income tax		**(1,074)**	**11,751**
Net profit / (loss) attributed to :			
Equity holders of the parent entity		(1,234)	11,751
Minority interest		160	-
		(1,074)	**11,751**
		Cents	Cents
Basic earnings per share (cents per share)		(0.20)	3.62
Diluted earnings per share (cents per share)		(0.20)	3.59

The Consolidated Income Statement is to be read in conjunction with the attached notes.

IBA HEALTH GROUP LIMITED AND SUBSIDIARIES
Condensed Consolidated Balance Sheet
As at 31 December 2007

	Notes	Consolidated 31 December 2007 $'000	30 June 2007 $'000
CURRENT ASSETS			
Cash and cash equivalents		55,665	152,528
Trade Debtors		94,822	19,061
Other current assets	6	75,530	23,705
TOTAL CURRENT ASSETS		**226,017**	**195,294**
NON-CURRENT ASSETS			
Property, plant and equipment		24,106	3,935
Other Assets		12,168	5,010
Intangible assets	7	949,367	128,749
Deferred tax assets		22,384	2,669
TOTAL NON-CURRENT ASSETS		**1,008,025**	**140,363**
TOTAL ASSETS		**1,234,042**	**335,657**
CURRENT LIABILITIES			
Trade and other payables		133,757	12,714
Borrowings	8	98,887	-
Tax liabilities		-	908
Provisions		6,865	3,149
Other	9	90,401	148,992
TOTAL CURRENT LIABILITIES		**329,910**	**165,763**
NON-CURRENT LIABILITIES			
Trade and other payables	10	45,103	800
Deferred tax liabilities		12,360	4,364
Borrowings	11	239,153	7,193
Provisions		26,314	666
TOTAL NON-CURRENT LIABILITIES		**322,930**	**13,023**
TOTAL LIABILITIES		**652,840**	**178,786**
NET ASSETS		**581,202**	**156,871**
EQUITY			
Share capital	12	600,312	187,235
Option premium on convertible loan notes	12	7,723	-
Reserves		8,121	2,529
Accumulated losses		(35,245)	(33,024)
Parent entity interest		580,911	156,740
Minority Interest		291	131
TOTAL EQUITY		**581,202**	**156,871**

The Condensed Consolidated Balance Sheet is to be read in conjunction with the attached notes.

IBA HEALTH GROUP LIMITED AND SUBSIDIARIES
Condensed Statement of Changes in Equity
For the half-year ended 31 December 2007

	Share capital	Option reserve	Accumulated losses	Foreign currency translation	Option Premium on Convertible Loan Notes	Total	Minority interest	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2007	187,235	7,628	(33,024)	(5,099)	-	156,740	131	156,871
Shares issued during the period	413,077					413,077		413,077
Convertible Notes issued during the period					107,718	107,718		107,718
Conversion of convertible notes during the period					(68,000)	(68,000)		(68,000)
Convertible Notes reclassed as liabilities					(28,685)	(28,685)		(28,685)
Related Income Tax					(3,310)	(3,310)		(3,310)
Options issued during the period						-		-
Translation of foreign subsidiaries				5,266		5,266		5,266
Profit for the period			(1,234)			(1,234)	160	(1,074)
Pension - actuarial losses			(987)			(987)		(987)
Share based payments		326				326		326
Dividend paid						-		-
At 31 December 2007	600,312	7,954	(35,245)	167	7,723	580,911	291	581,202
At 1 July 2006	163,760	2,837	(49,122)	(336)	-	117,139	-	117,139
Shares issued during the period	22,884				-	22,884	-	22,884
Options issued during the period		3,806			-	3,806	-	3,806
Translation of foreign subsidiaries				(2,068)	-	(2,068)	-	(2,068)
Profit for the period			11,752		-	11,752	-	11,752
Share based payments		125			-	125	-	125
Dividend paid			(3,389)		-	(3,389)	-	(3,389)
At 31 December 2006	186,644	6,768	(40,759)	(2,404)	-	150,249	-	150,249

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the attached notes.

IBA HEALTH GROUP LIMITED AND SUBSIDIARIES

Condensed Cash Flow Statement

For the half year ended 31 December 2007

	Note	Consolidated 31 December 2007 $000	31 December 2006 $000
Cash flows from operating activities			
Receipts from customers		72,140	44,685
Payments to suppliers and employees		(63,084)	(33,348)
Interest received		1,905	264
Interest paid		(8,013)	(376)
Interest paid on refinancing of acquisition loans		(24,192)	-
Income tax paid		(2,770)	(2)
Net operating cash flows		(24,014)	11,223
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(2,336)	(534)
Payment for acquisition of business entity	5	(307,900)	(394)
Repayment from ELP loan		820	-
Payment for investment in associate		-	(16,736)
Payments for development activities		(4,379)	(887)
Payment for deferred considerations		(671)	-
Loans from/ (to) other entities		-	(45)
Proceeds from sales of property, plant and equipment		-	34
Net investing cash flows		(314,466)	(18,561)
Cash flows from financing activities			
Proceeds from issue of shares	12	132,001	3,352
Proceeds from issue of convertible notes		105,292	-
Share issue costs		(6,718)	(174)
Proceeds from Contract funding and other funding		2,172	
Proceeds from finance leases		294	
Proceeds from borrowings		240,123	(375)
Repayment of borrowings		(231,713)	-
Finance lease principal repayments		-	(45)
Dividends paid		-	(3,320)
Net financing cash flows		241,451	(562)
Net increase (decrease) in cash		(97,029)	(7,901)
Cash and cash equivalents held at the beginning of the half year		152,528	37,136
Exchange rate adjustments to cash and cash equivalents		166	472
Cash and cash equivalents held at 31 December 2007		55,665	29,707

The Condensed Consolidated Statement of Cash Flows is to be read in conjunction with the attached notes.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This condensed consolidated 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 report for the year ended 30 June 2007 and any public announcements made by IBA Health Group Limited and its subsidiaries during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(a) Basis of Preparation

The interim financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 "Interim Financial Reporting"

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 report for the year ended 30 June 2007 and any public announcements made by IBA Health Group Limited and its subsidiaries during the interim reporting period in accordance with the continuous disclosure of the Corporations Act 2001.

For the purpose of preparing the interim financial report, the interim has been treated as a discrete reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as otherwise stated below.

(b) Revenue Recognition

Revenue represents the fair value of consideration received or receivable from clients for goods and services provided by the Group, net of discounts and sales taxes.

Revenue from system sales is recognised when a signed contract exists, delivery to a customers has occurred with no significant vendor obligations remaining and where the collection of the resulting receivable is considered probable. In instances where a significant vendor obligation exists, revenue recognition is delayed until the obligation has been satisfied.

Revenue received in relation to service and maintenance contracts is initially credited to deferred revenue and is then recognised to on a straight line basis over the life of the contract.

The National Programme for IT contract in the UK is a product delivery arrangement with a phased release of functionality enhancements over the period of the arrangement. Any licence revenue is recognised as the elements of the product are delivered. Implementation and service revenues are recognised in line with the provisionof those services.

The IBA Group enters into certain arrangements involving the delivery and implementation of a given software product against predetermined milestones and the future maintenance and support thereof. In such arrangements, the revenue from the sale of product against pre determined milestones and the future maintenance and support thereof. In such arrangements, revenue from the sale of product software licences is not clearly separable from the installation, and revenue for services is recognised on a percentage completion basis over the period of installation with due regard for future anticipated costs. Support revenues in such cases are recognised from implementation over the remaining period of the arrangement.

The IBA Group also enters into bundled service arrangements whereby it agrees to make certain software applications available for the duration of the arrangement. As the fair values of the services deliverable and maintenance and support to be provided under such supply arrangements are not clearly separable from the software supply, total revenue in relation to the supply arrangements is recognised on a stage of completion basis over the period of the arrangement.

Interest revenue is recognised using the effective interest method. It includes amortisation of any discount or premium.

All revenue is stated net of the amount of goods and services tax (GST) , value added tax (VAT) and any other similar taxes in the respective countries.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Defined Benefit Plan

For defined benefit pension plans,the cost of providing benefits is determined using the projected unit credit method,with actuarial valuations being carried out on a tri-annual basis and updated at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in the statement of changes in equity.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost and as reduced by the fair value of scheme assets.Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reduction in future contributions to the plan. The Plan is scheduled to close to future accruals as of 28 February 2008. IBA Health has agreed to fund the Plan's deficit at the rate of 2 million GBP each year for the next ten years

(d) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sales and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The initial accounting for the iSOFT Group plc and Jana Java Sdn Bhd acquisitions have only been provisionally determined at 31 December 2007 as the fair value of the identifiable assets, liabilities and contingent liabilities of iSOFT and Jana Java are still in the process of being assessed by an independent expert. Hence, the fair value of the net assets and liabilities and contingent liabilities acquired as outlined in Note 5(a) and (b) (iii) are provisional values only and IBA may recognise any adjustment to those values within 12 months of the acquisition date.

(e) Intangible assets

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the entity's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in

(ii) Product development
Expenditure on research activities, undertaken with the prospect of obtaining new or scientific or technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services and direct labour. Other development expenditure is recognised in the income statement as an expense incurred. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost over the period of the expected benefit, which varies from 4 to 7 years.

(iii) Intellectual Property
Intellectual property is recognised at the cost of acquisition. Intellectual property has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Intellectual property is amortised over its useful life ranging from 5 to 20 years

(iv) Customer Contracts and Relationships

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Hedges and Derivative Financial Instruments

Derivative financial instruments are used to reduce risks arising from changes in interest rates and foreign exchange rates. Derivative financial instruments relate to foreign exchange contracts.

Cash flow hedges
The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity through the statement of changes in equity. The ineffective portion is recognised in profit or loss.

When the forecast transaction results in the recognition of a non-financial asset or a non-financial liability (or a firm commitment to acquire or assume such an asset or liability) the associated gains or losses are either:

- reclassified from equity during the periods the asset is acquired or the liability assumed affects profit or loss. Any portion not expected to be recovered in future periods is reclassified to profit or loss; or
- removed from equity and included in the carrying amount of the asset or liability.

Fair value hedges
The gain or loss from remeasuring the hedging instrument at fair value is recognised in profit or loss. The gain or loss on the hedged item adjusts the carrying amount of the item and is also recognised in profit or loss.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 2: EXPENSES

	Consolidated 31-December 2007 $'000	31-December 2006 $'000
Expenses excluding finance costs is comprised as follows:		
- Amortisation of intangibles	11,157	2,825
- Consultancy, Insurance and Professional Fees	2,092	1,690
- Consumables	11,833	1,657
- Depreciation and amortisation expense (equipment)	2,032	568
- Doubtful debts	(72)	1,292
- Employee benefits expense	49,958	10,443
- Marketing	1,254	333
- Occupancy	3,408	938
- Telecommunications	1,634	575
- Travel	4,473	2,036
- Other	1,236	371
Individually Significant Items		
- Writedown of deferred expenditure	-	1,060
- Provision for Hyderabad Office Closure	1,198	-
Total expenses from ordinary activities excluding finance cost	**90,203**	**23,788**

NOTE 3: DIVIDENDS

Ordinary shares		
Dividends provided for or paid during the half-year	-	3,389
Dividends not recognised at the end of the half-year		
Since the end of the half-year the directors have not recommended the payment of any dividend (December 2006 - 1 cent) per fully paid ordinary share.	-	3,457

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 4: SEGMENT INFORMATION

(a) Accounting policies
Segment information is prepared in conformity with the accounting policies of the entity and accounting standard AASB 114 "Segment Reporting".

(b) Inter-segment transfers
Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arm's length" basis and are eliminated on consolidation.

Revenue and results are derived from the sales and maintenance of computer software to the healthcare industry in the business segments highlighted below.

	UKI	Continental Europe	ANZ	Asia, Middle East & Africa	Total
2007	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Primary Reporting - Geographical Segments					
Operating Revenue					
Sales to external customers	48,219	21,686	21,190	9,553	100,648
Total sales revenue	48,219	21,686	21,190	9,553	100,648
Other revenue	85	57	1,723	324	2,189
Total segment revenue	**48,304**	**21,743**	**22,913**	**9,877**	**102,837**
Segment result	**1,103**	**2,966**	**(1,364)**	**(1,041)**	1,664
Share of losses of associate entity					-
Profit/(Loss) from ordinary activities before income tax expense					1,664
Income tax expense					(2,738)
Profit/(Loss) after income tax expense					**(1,074)**
Net profit attributable to:					
Members of the parent entity					**(1,234)**
Minority interest					**160**
					(1,074)

	UKI	Continental Europe	ANZ	Asia, Middle East & Africa	Total
2006	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Primary Reporting - Geographical Segments					
Operating Revenue					
Sales to external customers	60	-	10,628	25,351	36,039
Total sales revenue	60	-	10,628	25,351	36,039
Other revenue	1	-	242	21	264
Total segment revenue	**61**	**-**	**10,870**	**25,372**	**36,303**
Segment result	**53**	**-**	**2,657**	**9,429**	12,139
Share of losses of associate entity					(34)
Profit/(Loss) before income tax expense					12,105
Income tax expense					(353)
Profit/(Loss) after income tax expense					**11,752**
Net profit attributable to:					
Members of the parent entity					**11,752**
Minority interest					**-**
					11,752

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS

NOTE 5: BUSINESS COMBINATION

(a) Summary of acquisition this period

On 30 October 2007 the Group acquired 100% of the issued share capital of iSOFT Group Plc.

The acquired business contributed a net profit of $12,545,307 to the Group for the half-year ended 31 December 2007

At the date of acquisition, the acquired entity was involved in the development and licensing of computer software and the supply of services to the health industry.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	31 December 2007	30 June 2007
	$'000	$'000
Purchase consideration:		
Cash - consideration	365,526	
Cash - consideration paid in prirr period	3,940	
64,663,985 IBA shares issued to iSoft shareholders in consideration	68,220	
Liability assumed on directors share option	11,090	
18,971,623 IBA shares issued to service providers for associated costs	18,164	-
	466,940	-
Fair value of net identifiable assets acquired		
Cash	57,626	-
Trade and other receivables	69,683	-
Property, plant and equipment	19,867	-
Customer contracts and relationships	200,000	-
Lorenzo software	100,000	-
Other software	100,000	-
Trademarks	40,000	-
In process research and development	5,000	-
Other assets	55,446	-
Trade and other payables	(235,429)	-
Bank overdraft	-	-
Deferred tax liability	(2,274)	-
Bank Loans	(320,269)	
	89,651	-
Goodwill on acquisition	377,289	-
Outflow of cash to acquire iSOFT net of cash acquired		
Cash consideration	(365,526)	-
Less: balances acquired		
Cash	57,626	-
	57,626	-
Outflow of cash	(307,900)	-

Fair Value adjustments
Provisional accounting note
The company has engaged a third party to advise on the Fair Value that should be attributed to the separately indentifiable intangible assets of the purchased subsidiaries. The current value of $445,000,000 attributed to iSoft is an interim estimate.

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS

NOTE 5: BUSINESS COMBINATION (Continued)

(b) Summary of acquisitions prior year

(i)

On 29 August 2006 the Group acquired 100% of the issued share capital of Healthlogic Sdn Bhd.
The acquired business contributed a net loss of $304,884 to the Group for the half-year ended 31 December 2006.
At the date of acquisition, the acquired entity was involved in the development and licensing of computer software and the supply of services to the health industry.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	31 December 2007 $'000	30 June 2007 $'000
Purchase consideration:		
5,141,013 shares in IBA Health Group Limited issued at $0.8917 per share	-	4,584
Fair value of net identifiable assets	-	
Cash		5
Trade receivables	-	1,238
Property, plant and equipment	-	119
Intellectual property	-	554
Capitalised development	-	708
Trade payables	-	(1,122)
Bank overdraft	-	(122)
Deferred tax liability	-	(209)
	-	1,171
Goodwill on acquisition	-	3,413
Outflow of cash to acquire Health		
Cash consideration	-	-
Less: balances acquired		
Cash	-	5
Bank overdraft	-	(122)
	-	(117)
Outflow of cash	-	(117)

(ii)

On 13 July 2006 IBA acquired 49% of Jana Java Sdn Bhd for cash consideration of $18.5 million plus 7,000,000 IBA shares valued at $6.462 million. On 27 June the Group acquired the remaining 51% of the joint venture company Jana Java Sdn Bhd for cash consideration of $24.695 million.

At the date of acquisition, the acquired entity was involved in the development and licensing of computer software and the supply of services to the health industry.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	31 December 2007 2007 $'000	30 June 2007 $'000
Purchase consideration:		
Cash Consideration and associated costs		43,195
7,000,000 shares in IBA Health Group Limited issued at $0.9231 per share	-	6,462
		49,657
Fair value of identifiable net assets acquired	-	
Cash	-	22
Customer contracts and relationships		17,400
Other payables	-	(465)
	-	16,957
Goodwill on acquisition	-	32,700
Outflow of cash to acquire Shanghai Peoples Health Information Technology Co Ltd net of cash acquired		
Cash consideration and associated costs	-	(43,195)
Less: balances acquired		
Cash	-	22
	-	22
Outflow of cash	-	(43,173)

Fair value adjustments of $17,400,000 to the net identifiable assets acquired have been recognised in the current period. The adjustment relates to customer contracts and relationships acquired as part of the Jana Java Sdn Bhd acquisition. This balance is to be amortised in accordance with the company's accounting policy for intellectual property. An amount of $1,243,000 has been recognised in the current period representing amortisation from the date of acquisition.

NOTES TO THE CONSOLIDATED HALF YEAR FINANCIAL STATEMENTS

NOTE 6: OTHER ASSETS

CURRENT ASSETS	31-December 2007 $'000	30-June 2007 $'000
Prepayments and sundry debtors	36,371	2,199
Accrued revenue	31,783	7,331
Employee share loan plan	7,863	7,732
Provision for diminution of employee loan plan	(487)	-
Deferred expenditure	-	6,443
	75,530	23,705

Note 7: Non Current Assets - Intangibles

	31-December 2007 $'000	30-June 2007 $'000
Goodwill	457,495	92,497
Capitalised Development	31,685	27,595
Less: Accumulated amortisation	(16,406)	(15,495)
	15,279	12,100
Other Intangible Assets	491,925	29,238
Less: Accumulated amortisation	(15,332)	(5,086)
	476,593	24,152
Total intangible assets	949,367	128,749

Movements in carrying amounts

Movements in the carrying amounts for each class of intangible asset between the beginning and the end of the current financial year are as follows:

	Goodwill $000	Capitalised Development $000	Other Intangible Assets $000	Total $000
Balance at the beginning of the period	92,497	12,100	24,152	128,749
Additions	-	4,122	-	4,122
Net effect of foreign exchange movements	5,103	(32)	287	5,358
Fair value recognised from business combinations	377,295	-	445,000	822,295
Adjustments to fair values recognised from business combinations	(17,400)		17,400	-
Amortisation charge	-	(911)	(10,246)	(11,157)
	457,495	15,279	476,593	949,367

Intangible assets other than goodwill have finite useful lives. The current amortisation charge in respect of intangible assets is included under amortisation of intangibles expense in the income statement.

Goodwill is allocated to the following cash generating units

	31-December 2007 $'000	30-June 2007 $'000
India/Malaysia	51,316	68,716
New Zealand	6,333	6,333
China	681	681
Primary care	16,767	16,767
iSOFT	377,295	-
Net effect of foreign exchange movement	5,103	-
	457,495	92,497

The recoverable amount of each cash-generating unit (CGU) above is determined based on value in use calculations. Value in use is calculated based on the present value of cash flow projections over a 5 year period using an estimated growth rate of 3%. The cash flows are discounted using the Company's weighted average cost of capital. The cash flows are based on budgets for each CGU. These budgets use estimated growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the periods which are consistent with inflation rates applicable to the locations in which the CGU's operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular CGU.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 8: Current Borrowings

	31-December 2007 $'000	30-June 2007 $'000
Contract Funding	33,887	-
Bank Loans	65,000	-
	98,887	**-**

Note 9: Current Other Liabilities

	31-December 2007 $'000	30-June 2007 $'000
Deferred Income	90,322	4,446
Dividends Payable	79	-
Rights Issue Clearing Account	-	144,546
	90,401	**148,992**

Note 10: Non Current Trade and Other Payables

	31-December 2007 $'000	30-June 2007 $'000
Convertible Note Liability	28,685	-
Trade and other payables	16,418	800
	45,103	**800**

Note 11: Non Current Borrowings

	31-December 2007 $'000	30-June 2007 $'000
Bank Loans	181,190	7,193
Contract Funding	57,963	-
	239,153	**7,193**

Note 12: Share Capital

	Dec 2007 shares	June 2007 shares
Ordinary shares – fully paid	773,139,681	346,158,323

Movement in paid up capital during the year:

Date	Details	Number of shares	Issue price $	$000's
1/07/2007	Opening balance at the beginning of the financial year	346,158,323		187,235
31/07/2007	Issued to ABN-AMRO Corporate Finance in consideration of success fees under the iSoft Group plc scheme of arrangement	18,971,623	0.9574	18,164
31/07/2007	Issued in consideration for the acqusition of iSoft Group plc. Under the scheme of arrangement	64,663,985	1.055	68,220
31/07/2007	Issued to Allco Equity Partners(AEP) under which AEP agreed to fund the cash consideration under the iSoft Group plc scheme of arrangement.	125,714,286	1.05	132,000
31/07/2007	Issued under renounceable rights issue	138,464,715	1.05	145,387
25/10/2007	Issued under IBA Health Employee Share Plan	27,366	0.97	27
25/10/2007	Issued under IBA Health Employee Share Plan	435,680	0.97	423
13/12/2007	Issued to Allco Equity Partners (AEP) following conversion of convertible notes.	78,703,703	0.864	68,000
	Less : transaction costs arising on the renounceable rights issue and other share issue			(19,143)
Closing balance	Balance at the end of the financial year	773,139,681		600,312

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 12: Share Capital (Continued)

Movements in options

Date	Details	Number of options
1/7/2007	Opening balance	5,700,000
Closing balance		5,700,000

Movements in Convertible Notes

Date	Details	Number of Convertible Notes	Issue price	$000's
			$	
1/7/2007	Opening balance	-	-	-
31/10/2007	Issued to AEP under which AEP agreed to fund the cash consideration under the iSoft Group plc scheme of arrangement.	121,865,299	0.864	105,292
19/11/2007	Issued to AEP in lieu of payment of 'non usage fees' under the iSoft Group plc scheme of arrangement.	2,807,873	0.864	2,426
13/12/2007	Conversion of Convertible Notes into ordinary shares by AEP	(78,703,703)	0.864	(68,000)
Closing balance		45,969,469		39,718

Convertible notes	
Debt component	28,685
Deferred tax liability component	3,310
Option premium on convertible loan notes	7,723
	39,718

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 13: CONTINGENT LIABILITIES

IBA provides guarantees in respect of the obligations of the parent company and its subsidiaries in the normal course of their trading operations.
No provision is required for liquidated damages on contracts that have passed their contracted sign-off date. At the balance date, any future claims relating to liquidated damages from under these contracts are adequately provided by either agreements with the parties, or work already performed and not charged as at balance date.
The Company is assisting the Financial Services Authority in the United Kingdom in matters that took place 2 years prior to the purchase of iSOFT Group plc.

NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE

There are no other outstanding matters or occurrences that have come to our attention up to the present time which would materially affect the financial report or disclosures therein, or which are likely to materially affect the future results or operation.

DIRECTORS' DECLARATION

The directors of the company 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 notes 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*.

....

Gary Cohen
Director

Dated: 27 February 2008

Chartered Accountants
& Business Advisers

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of IBA Health Group Limited and subsidiaries

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of IBA Health Group Limited and subsidiaries, which comprises the condensed balance sheet as at 31 December 2007 and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising IBA Health Group Limited and the entities it controlled at 31 December 2007 or from time to time during the half-year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of IBA Health Group Limited 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.

Auditors' 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 IBA Health Group Limited's financial position as at 31 December 2007 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 IBA Health 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.

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Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of IBA Health 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 2007 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
27 February 2008