Announcement to the ASX

iSOFT

EBITDA (pre exceptional and one off items) $41.5 million
Review of business, debt and capital structure underway - Gary Cohen to step down as CEO

Sydney – Tuesday, August 31 2010 – iSOFT Group Limited (ASX: ISF) today released its full year result for the year to 30 June 2010 together with an investor information pack. It also announced that it is pursuing a number of strategic initiatives.

Key Financials:

- Total revenue down 20% to $431 million (or 7% in constant currency terms)
- Reported EBITDA down 77% to $30.0 million (or 78% in constant currency terms)
- EBITDA pre exceptional and one off items down 69% to $41.5 million
- Operating cash – negative $0.69 million
- One off impairment of $341 million primarily goodwill
- Statutory loss of $383 million

Chairman, Robert Moran, said: "This financial result is a disappointing one that does not reflect the underlying strength and technical sophistication of iSOFT's products, the Company's global footprint or the quality and dedication of its staff. A difficult economic environment (particularly in the public sector in a number of the Company's markets), adverse currency impact, delays to the implementation of the National Programme for IT (NPfIT) in the UK and an increased cost structure all contributed to this result."

Mr Moran said iSOFT's Board has commenced an in-depth review of the company's business operations and a number of aspects of that review are already in the process of implementation. With a focus on key geographies with the best growth prospects, it has already targeted:

- operational cost savings of $50 million (annualised) to be achieved by end of June 2011, with over half of this amount through headcount reductions. These are targeted reductions and are not expected to jeopardise the growth prospects of iSOFT.
- accelerating the streamlining and harmonisation of its product portfolio, which has already been reduced from more than 200 to 150 products
- a reorientation of business development and R&D to achieve greater flexibility and speed to market for new products

As part of the review, iSOFT Chief Executive Officer, Gary Cohen, has agreed to step aside as CEO to focus on assisting the Board in the evaluation of strategic options for the company.

"Gary's leadership, vision and drive have transformed the company into a multinational organisation and a very significant participant in the healthcare IT segment globally," Mr Moran said. "I would personally like to thank him for his extraordinary dedication and achievements over the past 10 years as Chairman and more recently as Chief Executive".

"Gary has agreed to remain with the Company to assist with transition and our strategic development. His experience and knowledge of the specialised sector internationally will be invaluable as we begin the search for a new chief executive who will drive the company forward in this next phase of its evolution."

An executive search firm has been engaged to assist in finding a new CEO. Pending appointment of a new CEO, Andrea Fiumicelli, the Company's Chief Operating Officer, has agreed to serve as acting CEO. Andrea Fiumicelli joined iSOFT Group in April 2008 as Chief Operating Officer following a successful career in Healthcare IT within multinational organisations.

iSOFT has also commenced the process for identifying suitably qualified candidates from both the UK and Australia to join the Board in a process that will see Board renewal.

Owing to the recent trading position of the Company, a restructure of the Company's senior debt facilities is required as well as a review of its capital structure. Discussions continue with iSOFT's banking syndicate.The Board has appointed financial and legal advisers to undertake a comprehensive review of iSOFT's capital and debt structure and talks are ongoing with prospective strategic and institutional investors. In addition, iSOFT is considering potential asset disposals. Any such asset sales would be structured so as not to damage the Company's core business assets, being its strong product suite and its geographic footprint. iSOFT has continuing support from its major shareholder OCP. For more details, please refer to the Preliminary Final Report.

Mr Moran said that while iSOFT has already made significant progress in assessing its strategic initiatives, discussions are ongoing and the timing and outcome is uncertain. iSOFT will update the market on progress when those decisions have been taken.

Notwithstanding these discussions and the strategic review, the core business of the Company remains healthy. The Company commenced FY2011 with $300 million recurring and or contracted revenues. Further it has a strong and growing pipeline of business for FY2011 that should compensate for the expected decline in the National Programme for IT revenue. The Company believes that with the initiatives discussed above it is expected to return to profitability and positive cash flow.

FY2010 results analysis

Although iSOFT is an Australian company whose shares are listed on the ASX, the majority of its business is in the UK and Europe, with earnings exposed to translation risk due to AUD reporting requirements. In FY2010, 73% of iSOFT's revenues were denominated in GBP and Euro. Owing to the strong appreciation of the AUD (up to 25% against both the GBP and Euro at its peak), iSOFT suffered an adverse impact on its reported revenue of around $109 million against the prior year.

The actual fall in underlying revenue (when measured on a constant currency basis) was around $30 million, most of which was attributable to delays in the implementation of the UK NPfIT." The decline in the NPfIT revenues and the overall slowing down of growth in the core business hit particularly hard in the second half. With the cost structure relatively fixed this flowed through to a decline in earnings." Mr Moran said.

As a result of the more subdued economic environment in iSOFT's markets, the company has reduced its internal projections for growth in Central Europe, Middle East and Africa, South East Asia and Australia. This has resulted in the company recording a significant impairment of its carrying values of intangibles (primarily goodwill associated with the iSOFT acquisition) and deferred tax assets. Consequently, the Company recorded a total impairment of these items of $341 million in FY2010. As a result of the impairment, iSOFT reported a statutory loss $383 million in FY2010.

Operating cash flows in FY2010 were marginally negative overall at -$0.69 million. There is a seasonality in operating cash flows with a tendency for operating cash flows to be weighted to the second half. Second half FY2010 operating cash flow was $11.4 million.

The Company will not be paying a dividend for the FY2010 year.

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End of release

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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 39 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 in 19 countries worldwide, including more than 2,700 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

iSOFT Group Limited

FY10 results information pack

Disclaimer

This presentation has been prepared by iSOFT Group Limited and its subsidiaries – August 2010. The material that follows is a presentation of general background information about iSOFT's activities current at the date of the results release on 31 August 2010. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

Statements contained in this presentation may contain forward-looking statements with respect to iSOFT's financial condition, results of operations, business strategies, operating efficiencies, competitive position, growth opportunities for existing products and services, plans and objectives of management and other matters. Statements in this presentation that are not historical facts are "forward-looking statements".

These forward-looking statements are estimates reflecting the best judgement of senior management of iSOFT and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statement.

All currencies are in AUD, except where stated otherwise.

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Key financials

A$m	FY10 Actual FX	FY10 Constant FX	FY09 Actual FX	FY09 Constant FX	% chg actual FX	% chg constant FX
Revenue	430.5	400.9	538.9	430.0	-20%	-7%
Reported EBITDA (1)	30.1	21.5	132.4	97.0	-77%	-78%
Underlying EBITDA	41.5	32.7	132.5	97.1	-69%	-66%
Reported NPAT	(382.9)		34.7			
Operating cash flow	(0.7)		64.3			
Net cash flow	(49.2)		29.2			

Notes

(1) Underlying EBITDA is EBITDA before exceptional and one off items of $11.5m (Restructuring $5.1m, exceptional items $4.0m, other one-off items $2.4m)

FX rates used for constant currency shown in Appendix

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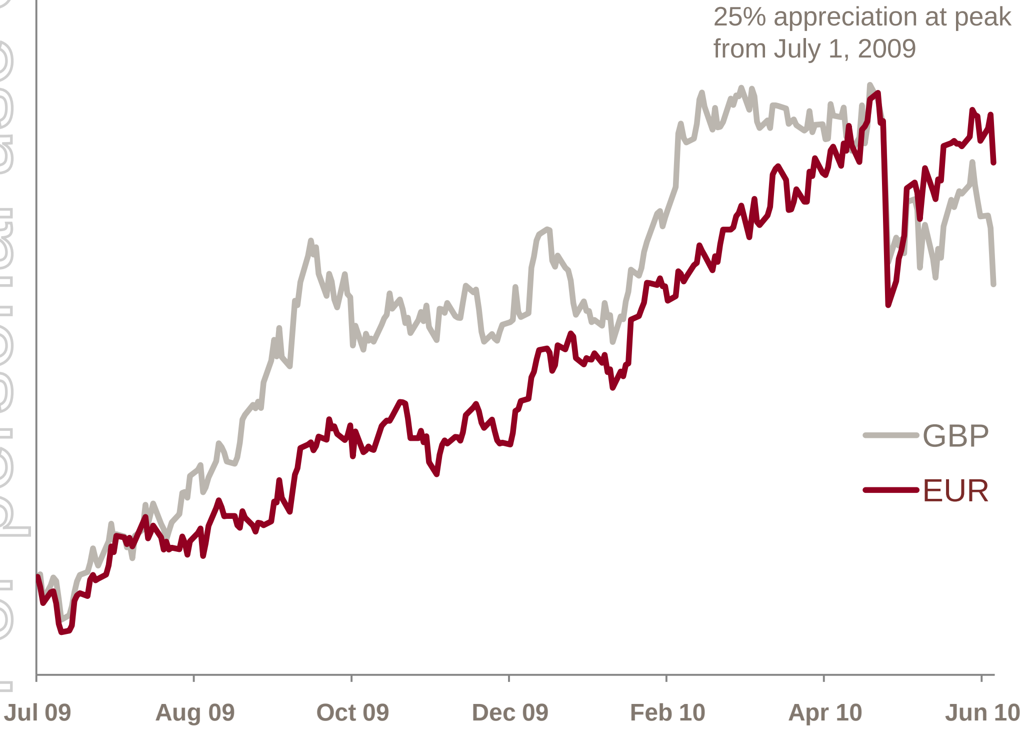
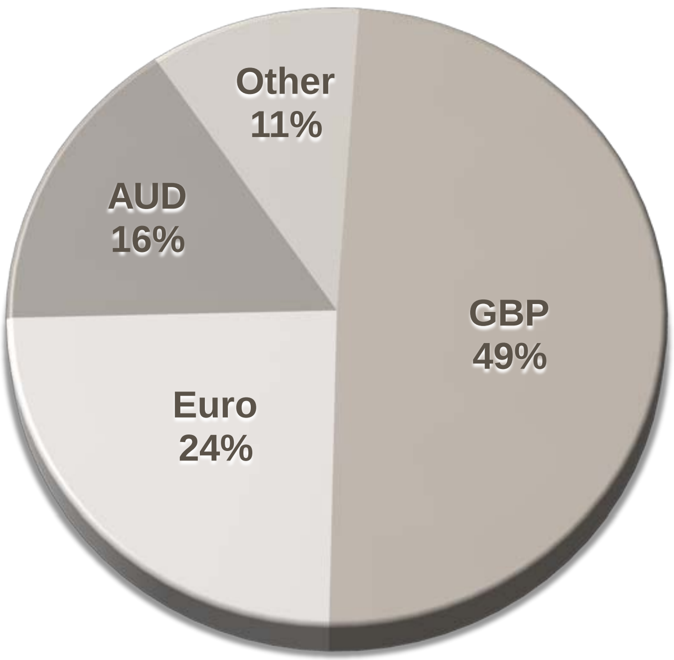
FY10 – currency was a big factor

A material translation impact occurred in FY10 due to the significant strengthening of the AUD against the GBP and EUR

GBP and Euro relative to the AUD



Revenue breakdown by currency



Revenue (constant currency)

	FY10	FY09	% change
Revenue ($Am)			
Licences	83.9	83.4	0%
National Programme for IT	65.0	95.1	-32%
Professional Services	58.0	55.2	5%
Maintenance & support	158.6	173.3	-8%
Managed services	17.0	-	
Third party hardware	8.9	12.7	-30%
Third party software	8.0	8.4	-5%
Other	1.5	2.0	25%
Total	400.9	430.0	-7%

FX rates used for constant currency shown in Appendix

Revenues by segment (constant currency)

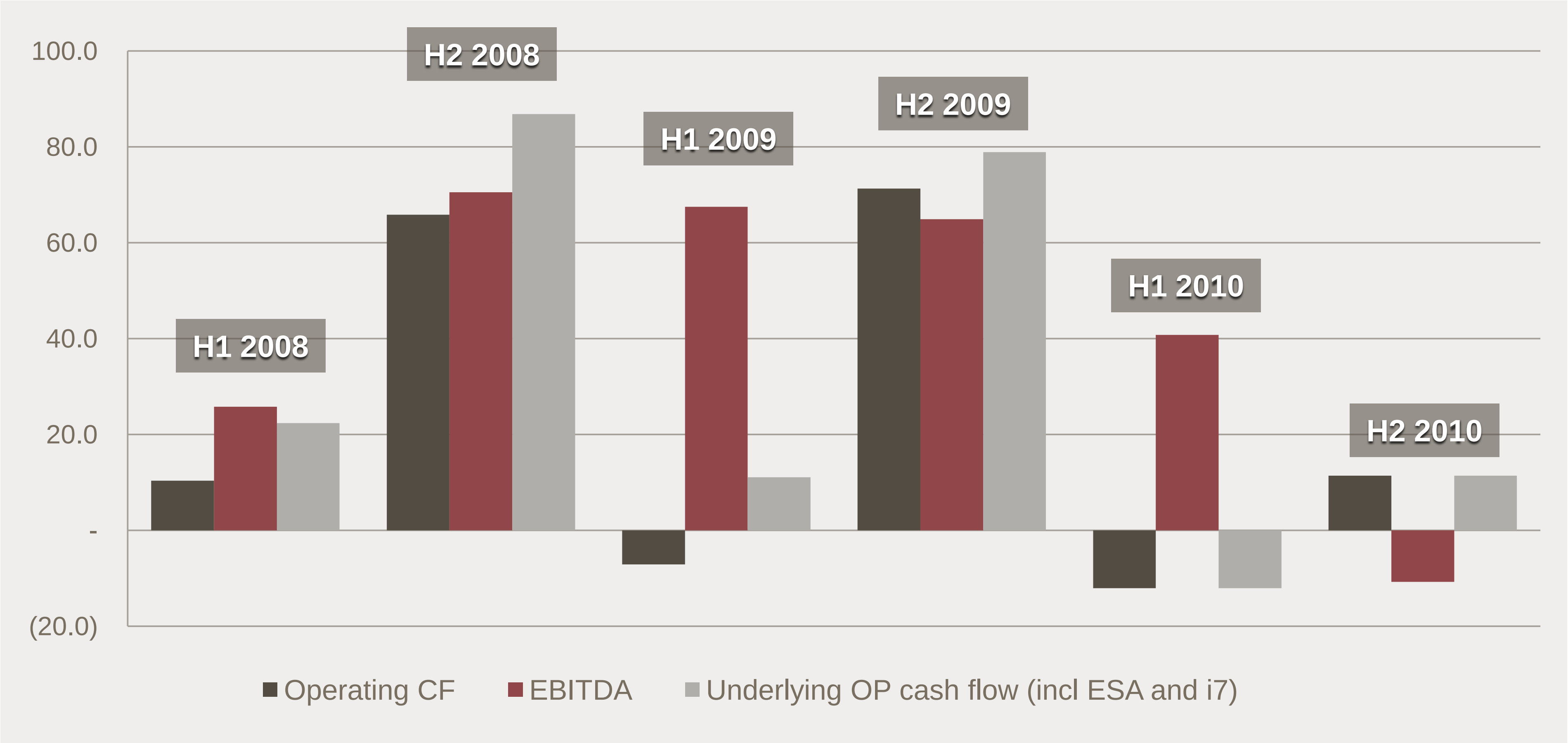
(A$m)	FY10	FY09	% chg. y.o.y
iUK	104.0	107.7	-3%
NPfIT	65.0	95.1	-32%
Total UKI	169.0	202.8	-17%
Central Europe	97.4	96.6	1%
SELA*	20.7	15.8	31%
Other	113.8	114.8	-1%
Total	**400.9**	**430.0**	**-7%**
Total excl NPfIT	*335.9*	*334.9*	*0%*

FX rates used for constant currency shown in Appendix
*SELA: Southern Europe Latin America

Costs by function (constant currency)

$Am	FY10	FY09
External COGS	48.9	49.8
% of revenues	*12%*	*12%*
Ops support and implementation	124.2	130.8
% of revenues	*31%*	*30%*
Sales and marketing	56.4	45.1
% of revenues	*14%*	*10%*
R&D	85.3	63.3
% of revenues	*21%*	*15%*
G&A (excl restructuring)	87.1	68.2
% of revenues	*22%*	*16%*
ICT	*21.7*	*18.8*
Facilities	*21.1*	*16.8*
Bad debts	1.7	0.8

Seasonality in OPCF but generally cash generative business



At actual exchange rates
ESA and i7 refer to settlement of Prepayments acquired on acquisition.

FY09 actual revenue to FY10 constant currency revenue

	$ m
FY09 revenue (actual currency)	538.9
FX impact	-108.9
FY09 revenue (constant currency)	430.0
NPfIT delays	-30.1
UK GFC impact	-3.7
Southern Europe/Latin America growth	4.9
Other	-0.2
FY10 revenue (constant currency)	400.9

FX rates used for constant currency shown in Appendix

FY09 actual EBITDA to FY10 constant currency EBITDA

	$ m
FY09 EBITDA (actual currency)	132.4
FX impact	-35.4
FY09 EBITDA (constant currency)	97.0
NPfIT delays	-31.9
UK/CE cost increases	-10.7
ANZ cost increases (including headquarter costs)	-31.1
Other	-1.8
Exceptional and one off items	11.2
FY10 EBITDA (constant currency) before exceptional and one off items	32.7

Getting back on track

- Comprehensive review of our capital structure is underway.
- Financial and legal advisers have been appointed
- Discussions have begun with our banking syndicate regarding existing facilities
- Potential asset disposals are being considered
- Approaches from a wide range of prospective strategic and institutional investors
- These initiatives are at an early stage and their timing and outcome is uncertain.
- We have continuing support from major shareholder, OCP

Reduction of cost baseline by an annualised $49.8m (based on Q4FY10)

Cost savings started from Q4 FY10. Key initiatives include:

1. Reduction of headcount and productivity improvements
2. Reduction of property costs arising from closure of certain facilities
3. Reduction of discretionary spend (Travel, Marketing, Training)
4. Minimisation of capex
5. Revise commercial procedures focused on EBITDA margin and working capital
6. Restructuring of Group R&D and Operations to realise delivery efficiencies
7. Review and modification of finance and reporting processes

Already monthly costs are lower than levels required to meet anticipated FY11 cost base reductions.

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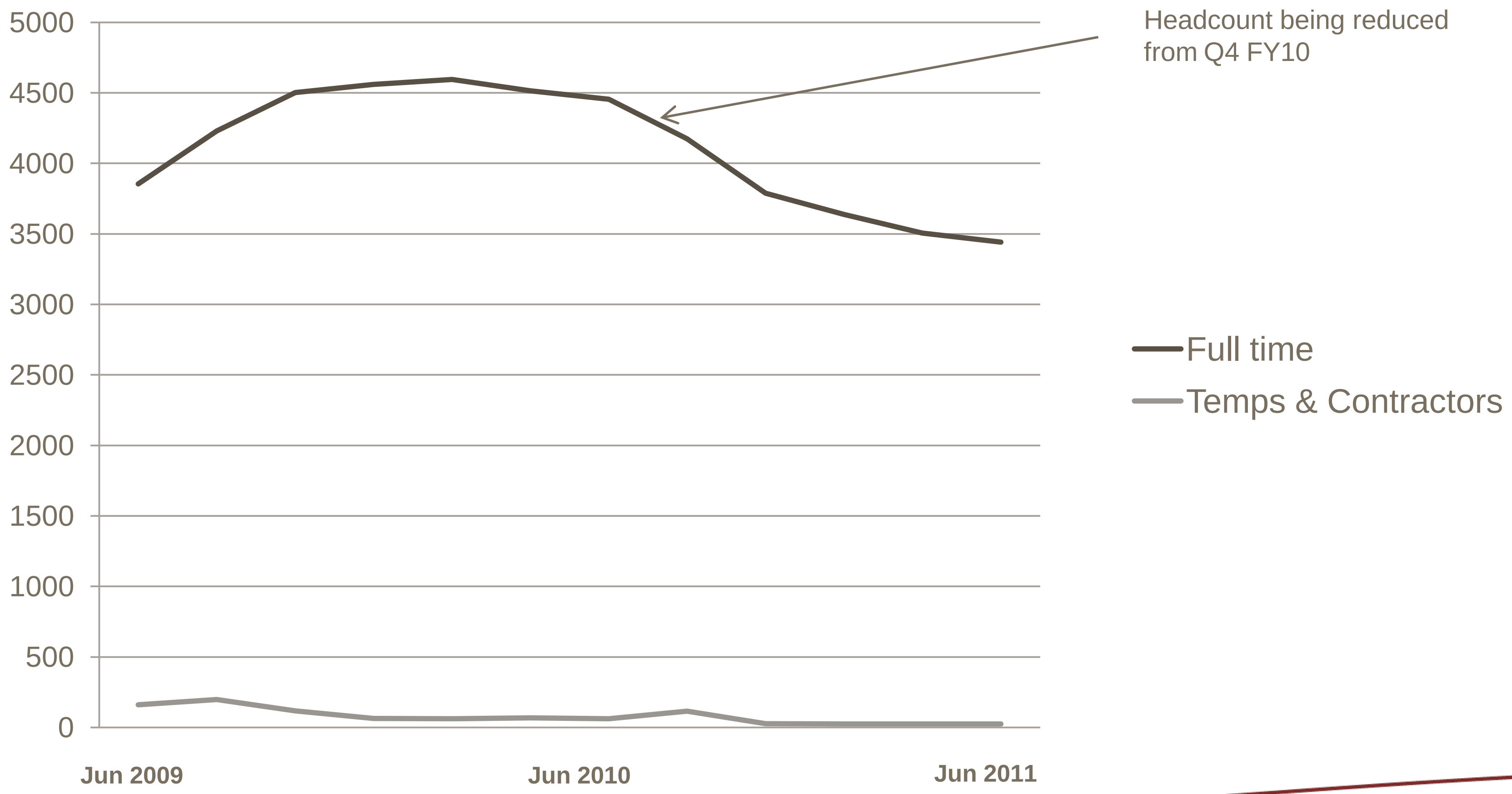
Annualised cost reductions to end Q4FY11

Cost reduction breakdown	% of FY10 costs	$m
Staff	74%	-23.5
Travel	5%	-4.8
Marketing	3%	-6.0
Property	5%	-3.5
Computer service costs	2%	-0.5
Legal and professional	5%	-8.0
Admin costs	2%	-2.0
Telecom costs	2%	-1.5
Total cost reduction	**20%**	**-49.8**

$13.6m of the $49.8m reduction comes from R&D
The impact on FY2011 will be $33m (excluding restructuring costs)

Headcount FY09 to FY11

Headcount reduction commenced in Q3 10 to reduce costs to compensate for reduced revenue



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FX rates (against AUD) used for constant currency calculations

GBP	0.6102
EUR	0.6836
INR	41.4051
CNY	6.2858
USD	0.9195
NZD	1.2940
MYR	3.0072

THB	29.8397
SGD	1.2865
HKD	7.1397
AED	3.3781
BND	1.3022
CAD	0.9372
CHF	0.9786

NOK	5.4972
OMR	0.3554
SAR	3.4526
SEK	6.6767
ZAR	6.7975