

iSOFT GROUP PLC

Report and Financial Statements

30 June 2008

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REPORT AND FINANCIAL STATEMENTS 2008

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OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

John Weston	(resigned 30 October 2007)
Bill Henry	(resigned 30 October 2007)
Gavin James	(resigned 30 October 2007)
Ravi Kumar	(resigned 3 May 2007)
Geoff White	(resigned 30 October 2007)
Eurfyl ap Gwilym	(resigned 30 October 2007)
Rene Kern	(resigned 30 October 2007)
David Thorpe	(resigned 30 October 2007)
Ken Lever	(resigned 30 October 2007)
Gary Cohen	(appointed 30 October 2007)
Gordon Mackay	(appointed 30 October 2007)
Paul Richards	(appointed 30 November 2007, resigned 12 January 2009)
Andrea Fiumicelli	(appointed 12 January 2009)
Adrian Stevens	(appointed 12 January 2009)

SECRETARY

H Edelman	(appointed 30 October 2007)
T Hill	(resigned 30 October 2007)

REGISTERED OFFICE

Daventry Road
Banbury
Oxfordshire
OX16 3JT

BANKERS

Lloyds TSB Bank plc
25 Gresham Street
London
EC2V 7HN

Royal Bank of Scotland
135 Bishopsgate
London
EC2M 3UR

SOLICITORS

McFarlanes
10 Norwich Street
London
EC4 1BD

AUDITORS

PKF (UK) LLP
Chartered Accountants and Registered Auditors
Sovereign House
Queen Street
Manchester
M2 5HR

DIRECTORS' REPORT (continued)

The directors present their annual report and the audited financial statements for the period ended 30 June 2008.

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

The Company is a wholly owned subsidiary of iSOFT Group Limited (formerly IBA Health Group Limited). Following the acquisition by iSOFT Group Limited (formerly IBA Health Group Limited) the accounting reference date was changed to 30 June.

The Company implements market leading software applications for healthcare provider organisations. It provides solution design and development, installation, system configuration, training and customer support in respect of its applications. There have not been any significant changes in the Company's principal activity in the period under review and the directors are not aware, at the date of this report, of any major changes in the Company's activity in the next year.

PRINCIPAL RISKS AND UNCERTAINTIES

Risks relating to the worldwide group are discussed in the Annual Report of iSOFT Group Limited (formerly IBA Health Group Limited) which does not form part of this report.

ENVIRONMENT

The iSOFT business recognises that achieving success in environmental and social management is a joint responsibility between employees and management. Active employee participation in community events and charities is strongly supported through the giving of time and the internal promotion and support for such activities.

The directors recognise that whilst iSOFT's business activities as a developer and supplier of software applications have minimal direct environmental impact, there are environmental impacts in running a company and our commitment to adopting best practice evidences our responsibility. The Company's environmental policy aims to raise awareness of environmental matters, establish standards, assess the impact of its business activities on the environment, set improvement objectives and monitor performance against these objectives.

The Company's philosophy is to establish a paperless working environment wherever appropriate. This is supported through the automation of a number of internal management and administrative processes such as performance appraisals, job profiles and a competency framework, and annual leave requests. The Company continues to look at ways to move closer to a paperless working environment.

The Company also encourages staff to minimise unnecessary travel by using web exchange and video conferencing facilities and working from home in appropriate circumstances.

EMPLOYEES

Details of the number of employees and related costs can be found in note 5 of the financial statements.

The Company is a committed equal opportunities employer and operates working practices to promote an employment environment that is free from discrimination and harassment.

It is iSOFT policy to ensure that all employees and applicants are treated equally, regardless of gender, marital status, race, colour, disability or sexual orientation. Disabled individuals are afforded the same opportunities as others, and the Company actively supports the employment of disabled persons and in the retention of employees who become disabled whilst in the employment of the Company.

RESULTS AND DIVIDENDS

The result for the period is a loss after taxation of £28,168,000 (2007: £23,630,000). The directors do not recommend the payment of a dividend (2007: £nil).

DIRECTORS

The present directors of the company are set out on page 1.

DONATIONS

No charitable or political donations were made during the period (2007: £Nil).

DIRECTORS' REPORT (continued)

PAYMENT OF CREDITORS

Whilst the Company does not follow any external code or standard on payment practice, the policy for the period ended 30 June 2008, for all suppliers, is to fix terms of payment when agreeing the terms of each business transaction, to ensure that the supplier is aware of those terms, and to abide by the agreed terms of payment.

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any audit information (as defined) and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

APPROVAL

The report of the directors was approved by the Board on 27 May 2009 and signed on its behalf by:



J G Mackay

Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF iSOFT GROUP PLC

We have audited the financial statements of iSOFT Group plc for the period ended 30 June 2008 which comprise the profit and loss account, the balance sheet and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board,

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its loss for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985.
- the information on the directors report is consistent with the financial statements

PKF (UK) LLP

Chartered Accountants and Registered Auditors
Manchester, United Kingdom

2 June 2009

PROFIT AND LOSS ACCOUNT
Period ended 30 June 2008

	Note	14 months ended 30 June 2008 £'000	Year ended 30 April 2007 (Restated note 16) £'000
Operating costs		(15,651)	(23,144)
Operating loss	2	(15,651)	(23,144)
Interest receivable	3	9,020	2,372
Interest payable	4	(21,228)	(8,148)
Loss on ordinary activities before taxation		(27,859)	(28,920)
Tax credit on loss on ordinary activities	7	(309)	5,290
Loss on ordinary activities after taxation	17	<u>(28,168)</u>	<u>(23,630)</u>

All operations are continuing.

There are no recognised gains and losses other than the losses shown above.

BALANCE SHEET
30 June 2008

	Note	30 June 2008 £'000	30 April 2007 (Restated note 16 and note 17) £'000
Fixed assets			
Tangible fixed assets	8	-	617
Investments	9	87,218	87,218
		<u>87,218</u>	<u>87,835</u>
Current assets			
Debtors	10	62,772	27,446
Cash at bank and in hand		-	504
		<u>62,772</u>	<u>27,950</u>
Creditors: amounts falling due within one year	11	<u>(50,263)</u>	<u>(74,626)</u>
Net current assets/(liabilities)		<u>12,509</u>	<u>(46,676)</u>
Total assets less current liabilities		<u>99,727</u>	<u>41,159</u>
Creditors: amounts falling due after more than one year	12	(77,970)	-
Provisions for liabilities and charges	13	(1,795)	(2,117)
		<u>19,962</u>	<u>39,042</u>
Net assets		<u>19,962</u>	<u>39,042</u>
Capital and reserves			
Called up share capital	15	24,968	23,249
Share premium account	16	56,906	53,543
Investment in own shares	16	-	(3,758)
Share based payment reserve	16	-	3,615
Merger reserve	16	88,683	88,683
Profit and loss account	17	<u>(150,595)</u>	<u>(126,290)</u>
Equity shareholders' funds	18	<u>19,962</u>	<u>39,042</u>

The financial statements were approved by the Board on 27 May 2009 and signed on its behalf by:



J G Mackay

Director

NOTES TO THE ACCOUNTS

Period ended 30 June 2008

1. ACCOUNTING POLICIES AND SIGNIFICANT MATTERS RELATING TO THE BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Investigations into accounting irregularities

On 20 July 2006, iSOFT Group plc initiated a formal investigation into accounting irregularities. The Group announced on 24 August 2006 that the FSA had notified the Group that it would be conducting an investigation into possible accounting irregularities. Furthermore, on 25 October 2006, the Accountancy Investigation and Discipline Board ("AIDB") announced its intention to commence its own investigation into the same matters. The AIDB investigation concerns individuals and another party rather than the Group.

The investigation by the FSA is ongoing and the Group continues to cooperate with the FSA. The FSA has confirmed that their investigations have not caused them to look at any other matters outside those particular contracts drawn to their attention by the Group. These matters could impact on reported revenues and profits and, in the balance sheet, deferred income and accrued income and consequent potential liabilities, including fines. However, the directors consider that the restatement of revenues in the financial statements for the year ended 30 April 2006 corrected, where appropriate, the impact of these particular matters. As the investigation is not yet concluded, it is not possible for the Board to finally determine what implications, if any, may arise from the conclusion of the investigations into these matters and a contingent liability has been disclosed in note 13.

Basis of accounting

These financial statements are prepared under the historical cost convention in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards. The accounting policies have been applied consistently throughout both the current period and preceding year.

The accounts show the results of iSOFT Group plc only. Consolidated accounts and a cashflow statement have not been presented as the company is a 100% subsidiary of iSOFT Group Limited (formerly IBA Health Group Limited) which does prepare such statements.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences are taken to the profit and loss account.

Tangible fixed assets

Tangible fixed assets are stated at cost less any applicable discounts. Depreciation is provided at rates calculated to write down the cost of tangible assets over their estimated useful life on a straight line basis. The annual rates of depreciation on office equipment, fixtures and fittings are 12.5% to 20%.

Fixed asset investments

Fixed asset investments are stated at cost less any provision for impairment.

Share-based payments

The Company has applied the requirements of FRS 20, 'Share-based Payments'. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 May 2005.

The Company issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. Fair value is measured by use of a Black-Scholes model or Binomial model, as most appropriate for the terms of the instrument. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The cost in relation to the deferred bonus scheme is charged in the year of performance.

NOTES TO THE ACCOUNTS**Period ended 30 June 2008****1. ACCOUNTING POLICIES AND SIGNIFICANT MATTERS RELATING TO THE BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)****Leased assets**

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the leases.

Taxation

Corporation tax is provided on taxable profits at the current rate.

Deferred tax is provided on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Where law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is also taken directly to the statement of total recognised gains and losses in due course.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Provisions are reviewed on a regular basis and released to profit and loss account where changes in circumstances indicate that a provision is no longer required.

Pensions

All employees are eligible to join the iSOFT Group Personal Pension Scheme or other group approved defined contributions pension scheme. The pension charge shown in the financial statements represents the total contributions payable for the period.

NOTES TO THE ACCOUNTS
Period ended 30 June 2008

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	14 months ended 30 June 2008 £'000	Year ended 30 April 2007 £'000
This is stated after charging / (crediting)		
Depreciation of tangible fixed assets	179	384
Loss on disposal of fixed assets	-	7
Auditors' remuneration for audit of statutory accounts	-	141
Provision against intercompany balance	(5,636)	-
Exchange losses	2,500	-
Operating lease rentals:		
Office equipment & Vehicles	12	15

Auditors' remuneration for audit services is paid by iSOFT plc without recourse. The auditors' remuneration paid on behalf of the company was £16,000 for audit services.

Loss on ordinary activities before taxation of £27,859,000, is after charging exceptional costs of £14,721,000, being staff costs of £1,445,000 arising in relation to the acquisition of iSOFT Group plc by iSOFT Group Limited (formerly IBA Health Group Limited) in October 2007, and £13,276,000 project costs associated with the regeneration plan.

3. INTEREST RECEIVABLE

	14 months ended 30 June 2008 £'000	Year ended 30 April 2007 £'000
Interest receivable on group balances	8,652	2,372
Interest receivables on bank balances	368	-
Net interest payable	9,020	2,372

4. INTEREST PAYABLE

	14 months ended 30 June 2008 £'000	Year ended 30 April 2007 £'000
Interest on bank balances, loans and overdrafts	18,137	7,248
Interest payable on group balances	1,873	900
Amortisation of debt issue costs	1,218	-
Net interest payable	21,228	8,148

NOTES TO THE ACCOUNTS
Period ended 30 June 2008

5. EMPLOYEES

	14 months ended 30 June 2008 £'000	Year ended 30 April 2007 Number
Average monthly number of employees during the period:		
Development	-	16
Sales and marketing	-	11
Customer services	-	48
Administration	25	31
	<u>25</u>	<u>106</u>
	14 months ended 30 June 2008 £'000	Year ended 30 April 2007 £'000
Staff costs, including directors:		
Wages and salaries	3,891	13,134
Social security costs	127	1,113
Other pension costs	202	366
	<u>4,220</u>	<u>14,613</u>

Staff costs include exceptional costs of £1,445,000 relating to the acquisition of iSOFT Group plc by iSOFT Group Limited (formerly IBA Health Group Limited) in October 2007.

NOTES TO THE ACCOUNTS
Period ended 30 June 2008

6. DIRECTORS' REMUNERATION

	14 months ended 30 June 2008 £'000	Year ended 30 April 2007 £'000
Directors' remuneration		
Emoluments	2,058	2,444
Amounts receivable (other than shares and share options) under long-term incentive schemes	-	-
Company contributions to money purchase pension schemes	165	205
Compensation for loss of office	976	802
Sums paid to third parties in respect of directors' services	-	-
Excess retirement benefits of directors and past directors	-	-
	<u>3,199</u>	<u>3,451</u>

	14 months ended 30 June 2008 £'000	Year ended 30 April 2007 Number
The number of directors who:		
Are members of a defined benefit pension scheme	-	-
Are members of a money purchase pension scheme	3	5
Exercised options over shares in the company	2	-
Had awards receivable in the form of shares under a long-term incentive scheme	3	3
	<u>3</u>	<u>3</u>

	14 months ended 30 June 2008 £'000	Year ended 30 April 2007 £'000
Remuneration of the highest paid director		
Emoluments	850	778
Amounts receivable (other than shares and share options) under long-term incentive schemes	-	-
Company contributions to money purchase pension schemes	84	55
Compensation for loss of office	261	-
Sums paid to third parties in respect of directors' services	-	-
Excess retirement benefits of directors and past directors	-	-
	<u>1,195</u>	<u>833</u>

NOTES TO THE ACCOUNTS

Period ended 30 June 2008

6. DIRECTORS' REMUNERATION (CONTINUED)

The highest paid director did not exercise any share options in the year.

The directors' remuneration disclosed above excludes remuneration for Gary Cohen, Gordon Mackay and Paul Richards. The remuneration of G Cohen & G J Mackay is disclosed in the financial statements of iSOFT Group Limited (formerly IBA Health Group Limited). The remuneration of P Richards is disclosed in the financial statements of iSOFT Plc. The Remuneration of the remaining directors is disclosed in the financial statements of iSOFT Group Plc. It is not practicable to determine the proportion of the directors emoluments which relate to the company.

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	14 months ended 30 June 2008 £'000	Year ended 30 April 2007 £'000
United Kingdom Corporation tax		
Current tax on income for the period	-	(3,060)
Adjustments in respect of prior years	-	(2,890)
Current taxation	-	(5,950)
Deferred taxation		
Movement in Deferred tax asset not provided	309	-
Net movement in timing differences		660
Tax (credit)/charge on loss on ordinary activities	309	(5,290)
Current tax reconciliation		
Loss on ordinary activities before taxation	(27,859)	(28,920)
Theoretical tax at UK corporation tax rate of 29.57% (2007: 30%)	(8,238)	(8,676)
Effects of:		
Group relief surrendered free of charge	517	1,058
Expenditure not tax deductible	2,263	794
Movement on deferred tax not provided	-	3,764
Adjustments in respect of prior periods	-	(2,890)
Tax losses arising not provided	6,403	
Accelerated capital allowances	94	
Short term timing differences	(1,039)	
Actual current taxation (credit)/charge	-	(5,950)

Factors that may affect future tax charges

The company has unprovided deferred tax assets totalling £12,440,000 (2007: £8,926,000) that mainly relate to carried forward tax losses. The deferred tax asset has not been recognised as there is insufficient evidence that suitable taxable profits will arise in the foreseeable future. The tax losses can be utilised against future profits of the iSOFT Group plc trade.

NOTES TO THE ACCOUNTS
Period ended 30 June 2008

8. TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £'000
Cost	
At 1 May 2007	950
Additions	70
Disposals	(1,020)
	<hr/>
At 30 June 2008	-
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Depreciation	
At 1 May 2007	333
Charged in the period	179
Disposals	(512)
	<hr/>
At 30 June 2008	-
	<hr/>
Net book value	
At 30 June 2008	-
	<hr/>
At 30 April 2007	617
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NOTES TO THE ACCOUNTS

Period ended 30 June 2008

9. FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £'000
Cost	
At 1 May 2007 and 30 June 2008	449,680
Provision for impairment	
At 1 May 2007 and 30 June 2008	(362,462)
Net book value	
At 30 April 2007 and 30 June 2008	87,218

Subsidiaries	Class of share held	Proportion of shares	Nature of business	Country of incorporation
iSOFT plc	Ordinary	100%	Computer services	England & Wales
iSOFT Scandinavia AS*	Ordinary	100%	Computer services	Norway
iSOFT R&D Private Limited*	Ordinary	100%	Software development	India
iSOFT NZ Limited*	Ordinary	100%	Computer services	New Zealand
iSOFT Holdings (Singapore) Pte Limited*	Ordinary	100%	Computer services	Singapore
iSOFT Overseas Holdings Limited	Ordinary	100%	Holding company	England & Wales
iSOFT Applications Limited*	Ordinary	100%	Computer services	England & Wales
iSOFT Ltd*	Ordinary	100%	Computer services	Ireland
iSOFT Malta Limited*	Ordinary	100%	Computer services	Malta
Revive Group Limited	Ordinary	100%	Holding company	England & Wales
Revive Health Limited*	Ordinary	100%	Computer services	England & Wales
iSOFT Europe Limited (formerly Torex Limited)	Ordinary	100%	Holding company	England & Wales
iSOFT Europe (Holdings) Limited (formerly Torex Group Limited)*	Ordinary	100%	Holding company	England & Wales
BIT Holdings Limited*	Ordinary	100%	Dormant	England & Wales
iSOFT Health (Ireland) Limited*	Ordinary	100%	Computer services	Ireland
Smart Terminals Limited*	Ordinary	100%	Dormant	England & Wales
The Warwick Bepos Group Limited*	Ordinary	100%	Dormant	England & Wales
iSOFT Health (Holdings) Limited (formerly Torex Health (Holdings) Limited)*	Ordinary	100%	Holding company	England & Wales
McKeown Software Limited*	Ordinary	100%	Dormant	Ireland
G.C. McKeown Systems Limited*	Ordinary	100%	Dormant	Ireland
G.C. McKeown & Co (NI) Limited*	Ordinary	100%	Dormant	Northern Ireland
iSOFT Health Limited (formerly Torex Health Limited)*	Ordinary	100%	Computer services	England & Wales
iSOFT Technology Limited (formerly Torex Services Limited)*	Ordinary	100%	Computer services	England & Wales

NOTES TO THE ACCOUNTS

Period ended 30 June 2008

9. FIXED ASSET INVESTMENTS (Continued)

Subsidiaries	Class of share held	Proportion of shares	Nature of business	Country of incorporation
iSOFT Medical Systems Limited (formerly Torex Medical Systems Limited)*	Ordinary	100%	Computer services	England & Wales
Oxhealth.com Limited*	Ordinary	100%	Dormant	England & Wales
Hollowbrook Computer Services Limited*	Ordinary	100%	Dormant	England & Wales
ACT Medisys Limited	Ordinary	100%	Dormant	England & Wales
iSOFT Laboratory Systems Limited*	Ordinary	100%	Dormant	England & Wales
Eclipsys Limited	Ordinary	100%	Dormant	England & Wales
iSOFT Solutions Limited	Ordinary	100%	Holding company	England & Wales
iSOFT Operations Limited*	Ordinary	100%	Holding company	England & Wales
iSOFT Netherlands (Holdings) Limited (formerly Torex Europe (Holdings) Limited)*	Ordinary	100%	Holding company	England & Wales
iSOFT Netherlands BV*	Ordinary	100%	Computer services	Netherlands
iSOFT Health (Germany) Limited (formerly Torex Health (Germany) Limited)*	Ordinary	100%	Computer services	England & Wales
iSOFT Health Verwaltung GmbH*	Ordinary	100%	Holding company	Germany
iSOFT GmbH & Co KG*	Ordinary	100%	Holding company	Germany
iSOFT Health GmbH*	Ordinary	94%	Computer services	Germany
iSOFT Business Solutions (Ireland) Limited*	Ordinary	100%	Computer services	Ireland
iSOFT Business Solutions (HK) Limited*	Ordinary	100%	Computer services	Hong Kong
iSOFT Business Solutions UK Limited*	Ordinary	100%	Computer services	England & Wales
iSOFT Radiology Systems (formerly Torex Radiology Systems Limited)*	Ordinary	100%	Computer services	England & Wales
iSOFT Protos Limited (formerly Torex Protos Limited)*	Ordinary	100%	Computer services	England & Wales
SMS Datacare Limited*	Ordinary	100%	Property company	England & Wales
HAS Solutions Pty Limited*	Ordinary	100%	Computer services	Australia
HAS Solutions (UK) Limited*	Ordinary	100%	Computer services	England & Wales
Dawriver Pty Limited*	Ordinary	100%	Computer services	Australia
iSOFT Iberia S.L.*	Ordinary	100%	Holding company	Spain
iSOFT Sanidad S.A.*	Ordinary	100%	Computer services	Spain
Healthcare Information Systems Corporation*	Ordinary	100%	Computer services	USA

* denotes shares not held directly by iSOFT Group plc.

All companies have a financial year end of 30 June, with the exception of iSOFT R&D Private Limited, which has a financial year end of 31 March.

NOTES TO THE ACCOUNTS
Period ended 30 June 2008

10. DEBTORS

	30 June 2008 £'000	30 April 2007 £'000
Amounts owed by Group undertakings	62,526	26,656
Other debtors	26	121
Prepayments and accrued income	220	360
Deferred tax (note 14)	-	309
	<u>62,772</u>	<u>27,446</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 2008 £'000	30 April 2007 £'000
Bank loans and overdrafts	29,107	42,566
Trade creditors	715	1,126
Amounts owed to group companies	17,964	21,629
Corporation tax	-	-
Accruals and other creditors	2,453	9,305
Other taxes and social security	24	-
	<u>50,263</u>	<u>74,626</u>

The bank loans are secured by a fixed and floating charge over the assets and undertakings of the consolidated entity.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30 June 2008 £'000	30 April 2007 £'000
Bank loans	76,605	-
Amounts owed to group companies	1,365	-
	<u>77,970</u>	<u>-</u>

The bank loans are secured by a fixed and floating charge over the assets and undertakings of the consolidated entity.

NOTES TO THE ACCOUNTS

Period ended 30 June 2008

13. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges comprise provisions against onerous lease liabilities as follows:

	£'000
At 1 May 2007	2,117
Charged to the profit and loss account	316
Utilised	(638)
	<hr/>
Balance at 30 June 2008	1,795
	<hr/>

The company has a contingent liability of £1,200,000 in relation to possible liabilities arising out of the current Financial Services Authority investigation into accounting irregularities in 2004 and 2005, following a change in accounting policy over revenue recognition.

14. DEFERRED TAX ASSET

	£'000												
Deferred tax													
At 1 May 2007	309												
Charged to the profit and loss account	(309)												
	<hr/>												
Balance at 30 June 2008	-												
	<hr/>												
Deferred taxation comprises:													
	<table> <tr> <th style="text-align: right;">30 June 2008 £'000</th><th style="text-align: right;">30 April 2007 £'000</th></tr> <tr> <td>Accelerated capital allowance</td><td style="text-align: right;">268</td></tr> <tr> <td>Short term timing differences</td><td style="text-align: right;">41</td></tr> <tr> <td></td><td style="text-align: right;"><hr/></td></tr> <tr> <td>Deferred tax asset</td><td style="text-align: right;">309</td></tr> <tr> <td></td><td style="text-align: right;"><hr/></td></tr> </table>	30 June 2008 £'000	30 April 2007 £'000	Accelerated capital allowance	268	Short term timing differences	41		<hr/>	Deferred tax asset	309		<hr/>
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	<hr/>												
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	<hr/>												
	<hr/>												

NOTES TO THE ACCOUNTS

Period ended 30 June 2008

15. SHARE CAPITAL

	30 June 2008 £'000	30 April 2007 £'000
Authorised		
350,000,000 (2007: 350,000,000) Ordinary shares of £0.10 each	35,000	35,000
Allotted, called up and fully paid		
249,674,378 (2007: 232,485,722) Ordinary shares of £0.10 each	24,968	23,249

During the year the company allotted 17,188,656 ordinary shares with a nominal value of £1,718,866

8,593,294 shares were issued to satisfy the requirements under Group share schemes. Consideration received was £4,222,433.

8,595,362 shares were issued on the take over by iSOFT Group Limited (formerly IBA Health Group Limited). The consideration was £859,536.

Share options

On 30 October 2007 the company was taken over by iSOFT Group Limited (formerly IBA Health Group Limited). Prior to this date all of the outstanding share options either lapsed or were exercised.

Equity-settled share option and deferred share schemes

The Company has a number of share option and SAYE schemes for all employees of the Group, together with a performance share scheme for certain senior employees and a deferred share bonus scheme for Directors. Details of the executive and SAYE options outstanding during the year are as follows.

	30 June 2008		30 April 2007	
	Number of share options	Weighted average exercise price (£)	Number of share options	Weighted average exercise price (£)
Outstanding at beginning of period	6,776,674	2.04	4,385,967	3.50
Granted during the period	-	-	3,644,152	0.50
Forfeited during the period	(3,666,015)	3.35	(1,253,445)	(2.68)
Exercised in the period	(3,110,659)	0.50	-	-
Exercisable at the end of the period	-	-	6,776,674	2.04

The aggregate of the estimated fair value of the options exercised in the period was £544,000 (2007: £nil).
The aggregate of the estimated fair values of the options granted in the period was £ nil (2007: £652,000).

NOTES TO THE ACCOUNTS
Period ended 30 June 2008

15. SHARE CAPITAL (CONTINUED)

The inputs into the Black-Scholes model for the above options are as follows:

	30 April 2007
Weighted average share price (£)	0.51
Weighted average exercise price (£)	0.50
Expected volatility	0.47
Expected life (years)	3.00
Risk-free rate (%)	4.76
Dividend yield (%)	0.97
Fair value (£)	0.18

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous 7 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The company had also granted deferred bonus shares to directors. The movement on these entitlements was as follows:

	Number of Shares	Weighted average exercise price (£)
At 1 May 2006	898,744	
Lapsed in the year	(212,731)	(3.34)
Exercised in the year	(240,153)	(3.31)
At 30 April 2007	445,860	3.46
Lapsed in the period	(366,008)	(3.28)
Exercised in the period	(79,852)	(4.27)
At 30 June 2008	-	

The shares granted under the Performance Share Plan (PSP) 2005 all lapsed on the takeover of the company.

The company recognised total expenses of £143,000 (2007: £1,263,000) related to equity-settled share-based payment transactions.

NOTES TO THE ACCOUNTS
Period ended 30 June 2008

16. RESERVES

	Share premium account £'000	Share based payment reserve £'000	Investment in own shares £'000	Merger reserve £'000
At 1 May 2007				
As previously reported	53,543	3,603	(3,758)*	88,683
Prior year adjustment	-	12	-	-
	<u>53,543</u>	<u>3,615</u>	<u>(3,758)*</u>	<u>88,683</u>
At 1 May 2007 as restated	53,543	3,615	(3,758)*	88,683
Eligible transfer from share based payment reserve	-	(3,863)	-	-
Share option charge	-	248	-	-
Premium on shares issued	3,363	-	-	-
Shares Sold	-	-	3,758	-
	<u>56,906</u>	<u>-</u>	<u>-</u>	<u>88,683</u>
At 30 June 2008	<u>56,906</u>	<u>-</u>	<u>-</u>	<u>88,683</u>

* During the year the Group utilised 884,655 shares to satisfy the exercise of employee share options. These shares had been acquired at a cost of £3,758,000 and were sold for £404,000.

17. PROFIT AND LOSS ACCOUNT

	£'000
At 1 May 2007	
As previously reported	(126,278)
Prior year adjustment	(12)
	<u>(126,290)</u>
At 1 May 2007 as restated	(126,290)
Transfer from share based payment reserve	3,863
Loss for the period	(28,168)
	<u>(150,595)</u>
At 30 June 2008	<u>(150,595)</u>

NOTES TO THE ACCOUNTS

Period ended 30 June 2008

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30 June 2008 £'000	30 April 2007 £'000
Shareholders' funds at beginning of period	39,042	61,397
Shares issued net of costs	5,082	-
Realisation of investment in own shares	3,758	-
Loss for the financial period	(28,168)	(23,630)
Share option reserve	248	1,275
Net reduction in shareholders' funds in the period	(19,080)	(22,355)
Shareholders' funds at end of period	19,962	39,042

19. FINANCIAL COMMITMENTS

Operating lease commitments

Annual commitments in respect of operating leases are as follows:

	30 June 2008 £'000	30 April 2007 £'000
Office equipment, leases expiring:		
Within one year	6	-
Between one to two years	4	35
Between two to five years	-	-
	10	35
Premises, leases expiring:		
Within one year	-	-
Between one to two years	444	-
Between two to five years	-	-
After 5 years	-	444
	444	444

The company is going to take advantage of a break in the lease of the premises in November 2009.

20. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of iSOFT Group Limited (formerly IBA Health Group Limited), under FRS 8 the company is exempt from disclosing details of transactions and balances with its parent company and other 100% owned subsidiary companies. There were no other related party transactions during the period.

21. ULTIMATE PARENT COMPANY

At 30 April 2007, the Company's ultimate parent company was iSOFT Group plc, a company incorporated in England. The Company's ultimate parent company, from 30 October 2007, is iSOFT Group Limited (formerly IBA Health Group Limited), a company registered in Australia.

The largest and smallest group of which the Company is a member and for which group financial accounts are drawn up, for the period ended 30 June 2008, is that headed by iSOFT Group Limited (formerly IBA Health Group Limited). Copies of the group financial statements of iSOFT Group Limited (formerly IBA Health Group Limited) may be obtained from the registered office detailed on page 1.